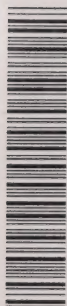


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Finance (No. 2) Act 1975

CHAPTER 45



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Finance (No. 2) Act 1975

CHAPTER 45

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ELIZABETH II



Finance (No. 2) Act 1975

1975 CHAPTER 45

An Act to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with Finance. [1st August 1975]

Most Gracious Sovereign,

WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and grant unto Your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I

CUSTOMS AND EXCISE

Miscellaneous

1.—(1) The rate of the duty of excise chargeable under section 1 of the Finance Act 1964 on British spirits by virtue of Schedule 1 to the Finance Act 1973 and section 1(1) of the Finance Act 1974 shall be increased by £5·0800 per proof gallon.

Increase of duties on spirits, beer, wine, British wine and tobacco.

(2) The rates of the duties of customs chargeable under section 1 of the Finance Act 1964 on imported spirits other than perfumed spirits by virtue of Schedule 1 to the Finance Act 1973, section 1(2) of the Finance Act 1974 or any relevant order shall each be increased—

1964 c. 49.
1973 c. 51.
1974 c. 30.

- (a) in the case of spirits not comprised in paragraph (b) below, by £5·0800 per proof gallon; and

PART I

- (b) in the case of liqueurs, cordials, mixtures and other preparations in bottle, entered in such manner as to indicate that the strength is not to be tested, by £6·8600 per liquid gallon.

1964 c. 49.

1973 c. 51.

1974 c. 30.

(3) The rates of the duties of customs and excise chargeable under section 2 of the Finance Act 1964 on beer by virtue of Schedule 2 to the Finance Act 1973, section 1(3) of the Finance Act 1974 or any relevant order shall each be increased—

- (a) except as regards the increases mentioned in paragraph (b) below, by £4·3200 per 36 gallons ; and
 (b) as regards the increases in the rates of duty falling to be made, in the case of beer of an original gravity exceeding 1,030 degrees, for each additional degree, by £0·1440 per 36 gallons ;

and as respects beer on which there have been paid duties of customs or excise at the said increased rates, the rates of drawback allowable under the said section 2 by virtue of the said Schedule 2, the said section 1(3) or any such order shall each be increased by the like amount per 36 gallons.

(4) The rates of the duties of customs chargeable under section 3 of the Finance Act 1964 on imported wine by virtue of Schedule 3 to the Finance Act 1973, section 1(4) of the Finance Act 1974 or any relevant order shall each be increased—

- (a) except as regards the additions mentioned in paragraph (b) below, by £1·3300 per gallon ; and
 (b) as regards the additions to the rates of duty falling to be made, in the case of wine exceeding 42 degrees of proof spirit, for each additional degree or fraction of a degree, by £0·0550 per gallon.

For the purposes of this subsection “ wine ” includes the lees of wine.

(5) The rates of the duty of excise chargeable under section 3 of the Finance Act 1964 on British wine by virtue of Schedule 4 to the Finance Act 1973 and section 1(5) of the Finance Act 1974 shall each be increased by £1·3300 per gallon.

(6) The rates of the duties of customs and excise chargeable under section 4 of the Finance Act 1964 on tobacco by virtue of Schedule 5 to the Finance Act 1973, section 1(6) of the Finance Act 1974 or any relevant order shall each be increased by £2·0500 per pound ; and as respects tobacco on which there have been paid duties of customs or excise at the said increased rates, the rates of drawback allowable under the said section 4 by virtue of the said Schedule 5, the said section 1(6) or any such order shall each be increased by the like amount per pound.

(7) In this section "relevant order" means any order made before 16th April 1975 under subsection (4) of section 1 of the Finance Act 1973 (power to alter rates of duties of customs and of drawbacks); and the preceding provisions of this section are without prejudice to the powers conferred on the Treasury by that section.

PART I

1973 c. 51.

(8) This section shall be deemed to have come into force on 16th April 1975.

2.—(1) In section 14 of the Betting and Gaming Duties Act 1972 (amount of gaming licence duty)—

Gaming licence duty.

(a) for the Table in subsection (1) there shall be substituted the following Table:—

1972 c. 25.

TABLE

Rateable value of premises		Charge for each table
Exceeding	Not exceeding	
£	£	£
—	1,500	500
1,500	3,000	750
3,000	4,500	1,250
4,500	6,000	2,500
6,000	7,500	3,750
7,500	9,000	5,000
9,000	10,500	6,250
10,500	12,000	8,750
12,000	—	11,250

(b) in subsection (3), after "above" there shall be inserted "premises constituting or comprised in a hereditament without a rateable value shall be treated as premises of a rateable value not exceeding £1,500, and", and for "exceeding £1,000 but not exceeding £2,500" (which gives the deemed rateable value of premises consisting of or comprised in a vessel) there shall be substituted "exceeding £6,000 but not exceeding £7,500".

(2) Paragraphs 18 and 19 of Schedule 2 to that Act (duty to be ascertained by reference to the rateable value that was or would have been shown in the previous valuation list or roll there mentioned instead of the value shown in the list or roll as in force for the time being) shall cease to have effect.

(3) This section shall have effect in relation to gaming licences for the period beginning on 1st October 1975 or any later period.

PART I
Bingo duty.
1972 c. 25.

3.—(1) In section 17(2) of the Betting and Gaming Duties Act 1972 (amount of bingo duty)—

(a) for “ $2\frac{1}{2}$ per cent.” (in both places) there shall be substituted “5 per cent.”; and

(b) for “one thirty-ninth” there shall be substituted “one-nineteenth”.

(2) In paragraph 5(2) of Schedule 3 to that Act (exemption for small-scale amusements provided commercially)—

(a) in paragraphs (a) and (c), for “5p” there shall be substituted “10p”; and

(b) in paragraph (b), for “£2.50” there shall be substituted “£5.00”.

(3) In Part I of that Schedule there shall be inserted after paragraph 6—

“Power to increase limits of exemptions

6A.—(1) The Commissioners may by order made by statutory instrument provide that any provision of this Part of this Schedule which is specified in the order and which mentions a sum shall have effect (whether as from a date so specified or in relation to events taking place on or after a date so specified) as if for that sum there were substituted such larger sum as may be specified in the order.

(2) An order under this paragraph may be varied or revoked by a subsequent order.

(3) Any statutory instrument containing an order under this paragraph shall be subject to annulment in pursuance of a resolution of the House of Commons.”

(4) Subsection (1) above shall have effect as from 29th September 1975 and subsection (2) above shall be deemed to have had effect from the beginning of May 1975.

Gaming
machine
licence duties.

4.—(1) In section 23(1) of the Betting and Gaming Duties Act 1972 (duty on ordinary gaming machine licences)—

(a) in Table A (premises with local authority approval) for “£75” there shall be substituted “£50”, and for “£150” there shall be substituted “£100”; and

(b) in Table B (premises without local authority approval) for “£150” there shall be substituted “£100”, and for “£300” there shall be substituted “£200”.

(2) In section 24(b) of that Act (duty on holiday season licences) for “£15” there shall be substituted “£7.50”.

PART I

(3) In paragraph 2 of Schedule 4 to that Act (exemption for provision of gaming machines at pleasure fairs)—

- (a) in sub-paragraph (2)(b), for “10p” (in both places) there shall be substituted “15p”, and for “25p” (in both places) there shall be substituted “40p”;
- (b) in sub-paragraph (3)(a) and (b), for “25p” (wherever occurring) there shall be substituted “40p”; and
- (c) in sub-paragraph (4), for “10p” there shall be substituted “15p”.

(4) In Part I of that Schedule there shall be inserted after paragraph 2—

“2A.—(1) The Commissioners may by order made by statutory instrument provide that any provision of paragraph 2 of this Schedule which is specified in the order and which mentions a sum shall have effect, as from a date so specified, as if for that sum there were substituted such larger sum as may be specified in the order.

(2) An order under this paragraph may be varied or revoked by a subsequent order.

(3) Any statutory instrument containing an order under this paragraph shall be subject to annulment in pursuance of a resolution of the House of Commons.”

(5) In Part V of the Miscellaneous Transferred Excise Duties 1972 c. 11 Act (Northern Ireland) 1972 (gaming machine licences in Northern Ireland)—

- (a) in the Table in section 44(4) (duty where rewards from machines exceed 10p) for “£150” there shall be substituted “£100”, and for “£300” there shall be substituted “£200”;
- (b) in the Table in section 45(3) (duty where rewards do not exceed 10p) for “£75” there shall be substituted “£50”; and
- (c) in section 45(5) (duty on eight-month licences) for “£15” there shall be substituted “£7.50”.

(6) Subsections (1), (2) and (5) of this section shall have effect in relation to licences for periods beginning at any time after the end of September 1975; and subsection (3) shall be deemed to have had effect from the beginning of May 1975.

5.—(1) The Vehicles (Excise) Act 1971 shall be amended as follows.

(2) For the provisions of Part II of Schedules 1 to 5 (annual rates of duty) there shall be substituted the provisions set out in Schedule 1 to this Act.

Vehicles
excise duty:
Great Britain.
1971 c. 10.

PART I

(3) In subsection (5) of section 16 (rates of duty for trade licences), including that subsection as set out in paragraph 12 of Part I of Schedule 7, for “£15” and “£2.50” there shall be substituted respectively “£20” and “£3.35”.

(4) In the heading of Schedule 1 and paragraph 1 of Part I of that Schedule (annual rates of duty on certain vehicles not exceeding 8 cwt.) for “8” there shall be substituted “8½”.

(5) No duty shall be chargeable in respect of tramcars used for the conveyance of passengers and accordingly there shall be omitted—

- (a) in section 4(1)(e) the words “not being tramcars used for the conveyance of passengers”;
- (b) in paragraph 1 of Part I of Schedule 2 the words “of any description” and “in relation to carriages of that description”.

(6) This section, other than subsection (5), has effect in relation to licences taken out after 15th April 1975; and subsection (5) has effect as from 16th April 1975.

Vehicles
excise duty:
Northern
Ireland.
1972 c. 10
(N.I.).

6.—(1) The Vehicles (Excise) Act (Northern Ireland) 1972 shall be amended as follows.

(2) For the provisions of Part II of Schedules 1 to 5 (annual rates of duty) there shall be substituted the provisions set out in Schedule 2 to this Act.

(3) In subsection (6) of section 16 (rates of duty for trade licences), including that subsection as set out in paragraph 12 of Part I of Schedule 9, for “£15” and “£2.50” there shall be substituted respectively “£20” and “£3.35”.

(4) In the heading of Schedule 1 and paragraph 1 of Part I of that Schedule (annual rates of duty on certain vehicles not exceeding 8 cwt.) for “8” there shall be substituted “8½”.

(5) This section has effect in relation to licences taken out after 15th April 1975.

Continuation
of powers
under Finance
Act 1961 s. 9.
1961 c. 36.
1974 c. 30.

7. The period after which orders of the Treasury under section 9 of the Finance Act 1961 may not be made or continue in force (which, by section 3 of the Finance Act 1974, was extended until the end of August 1975) shall extend until the end of August 1976 or such later date as Parliament may hereafter determine.

Conversion of revenue duties and related provisions taking effect on 1st January 1976

PART I

Conversion of certain revenue duties and amendment of customs and excise and other Acts in connection therewith.

8.—(1) At the end of 1975 the duties of customs on spirits, wine, beer, hydrocarbon oil, matches and mechanical lighters and the duty of excise on British wine charged under the enactments mentioned in subsection (2) below shall cease to be charged, but on and after 1st January 1976—

- (a) duties of excise on spirits, beer, hydrocarbon oil, matches and mechanical lighters shall be charged under sections 9 to 13 of this Act on those goods alike where produced or manufactured in the United Kingdom and where imported into the United Kingdom; and
- (b) duties of excise shall be charged under sections 14 and 15 of this Act on wine and on made-wine (as defined in those sections) produced in the United Kingdom or imported into the United Kingdom.

(2) The enactments referred to in subsection (1) above are section 6(1) of the Finance Act 1928 (mechanical lighters), sections 1(1), 2(1) and 3(1) of the Finance Act 1964 (spirits, beer, wine and British wine), section 1(2) of the Finance Act 1973 (matches) and section 4(1) of the Hydrocarbon Oil (Customs & Excise) Act 1971.

1928 c. 17.
1964 c. 49.
1973 c. 51.
1971 c. 12.

(3) The customs Acts and excise Acts shall have effect in relation to an excise duty chargeable alike on goods produced or manufactured in or imported into the United Kingdom as if that duty were, in so far as it is chargeable on goods produced or manufactured in the United Kingdom, a duty of excise and, in so far as it is chargeable on goods imported into the United Kingdom, a duty of customs.

(4) Part I of Schedule 3 to this Act shall have effect for supplementing the foregoing provisions of this section; but nothing in the amendments made by that Part shall affect the right to any drawback or other relief under any of the enactments amended thereby in respect of customs duty charged before the end of 1975.

(5) The amendments set out in Part II of that Schedule (being amendments relating to the duties referred to in paragraphs (a) and (b) of subsection (1) above) shall, on and after 1st January 1976, also have effect.

9. There shall be charged on spirits—

Spirits.

- (a) imported into the United Kingdom; or
- (b) distilled, or manufactured by any other process whatsoever, in the United Kingdom,

PART I a duty of excise at the rates shown in the following Table—

TABLE

<i>Description of spirits</i>	<i>Rates of duty (per proof gallon) £</i>
1. Spirits warehoused for 3 years or more	22·0900
2. Spirits not warehoused or warehoused for less than 3 years	22·1650

Beer.

10.—(1) There shall be charged on beer—

(a) imported into the United Kingdom ; or

(b) brewed in the United Kingdom,

a duty of excise at the rate of £13·6800 for every 36 gallons, that rate being, however, increased in the case of beer of an original gravity exceeding 1,030 degrees, by £0·4560 for each additional degree.

(2) Drawback under sections 137 and 138 of the Act of 1952 shall, where it is shown to the satisfaction of the Commissioners that a duty of excise charged under this section has been paid, be allowed at the same rate as the rate at which the duty is charged ; but as respects beer of an original gravity of less than 1,030 degrees the amount of drawback allowable shall not exceed the amount of the duty shown to the satisfaction of the Commissioners to have been paid.

Hydrocarbon oil.

1971 c. 12.

11. Subject to section 4(2) of the Hydrocarbon Oil (Customs & Excise) Act 1971, there shall be charged on hydrocarbon oil—

(a) imported into the United Kingdom ; or

(b) produced in the United Kingdom and delivered for home use from a refinery or from other premises used for the production of hydrocarbon oil or from any bonded storage for hydrocarbon oil, not being hydrocarbon oil chargeable with duty under paragraph (a) above,

a duty of excise at the rate of £0·2250 a gallon.

Matches.

12. There shall be charged on matches—

(a) imported into the United Kingdom ; or

(b) manufactured in the United Kingdom and sent out from the premises of a manufacturer of matches,

a duty of excise at the rate of £0·4900 for every 7,200 matches (and so in proportion for any less number of matches).

13.—(1) There shall be charged on mechanical lighters—

PART I

(a) imported into the United Kingdom ; or

Mechanical
lighters.

(b) manufactured in the United Kingdom and sent out from the premises of a manufacturer of mechanical lighters,

a duty of excise at the rate of £0.2000 for each lighter.

(2) The duty chargeable under subsection (1) above shall be chargeable on mechanical lighters which when so imported or sent out are incomplete as well as on lighters which at that time are complete.

(3) No duty shall be chargeable under subsection (1) above on a domestic gas lighter, that is to say, a mechanical lighter which is shown to the satisfaction of the Commissioners to be constructed solely for the purposes of igniting gas for domestic use.

14.—(1) There shall be charged on wine—

Wine.

(a) imported into the United Kingdom ; or

(b) produced in the United Kingdom by a person who is required by subsection (2) below to be licensed to produce wine for sale,

a duty of excise at the rates shown in Schedule 4 to this Act and the duty shall, in so far as it is chargeable on wine produced in the United Kingdom, be charged and paid in accordance with regulations under section 140 of the Act of 1952 (as substituted by paragraph 27 of Schedule 3 to this Act).

(2) Subject to subsection (3) below, a person who, on any premises in the United Kingdom, produces wine for sale must hold an excise licence under this subsection in respect of those premises for that purpose and on such a licence there shall be charged an excise duty at the rate of £5.25 per annum.

(3) A person who, in warehouse, produces wine for sale by rendering it sparkling in accordance with regulations under section 16(2) of this Act need not hold an excise licence under subsection (2) above in respect of those premises.

(4) If any person who is required by subsection (2) above to hold a licence under that subsection in respect of any premises produces wine on those premises without being the holder of a licence under that subsection in respect of those premises he shall be liable to a penalty of £500 and the wine and all vessels, utensils and materials for producing wine found in his possession shall be liable to forfeiture.

(5) In this section (and in the customs Acts and excise Acts) "wine" means any liquor obtained from the alcoholic fermentation of fresh grapes or the must of fresh grapes, whether or not the liquor is fortified with spirits or flavoured with aromatic extracts ; and any reference to "wine" in those Acts in force on 1st January 1976 shall be construed accordingly.

PART I
Made-wine.

15.—(1) There shall be charged on made-wine—

- (a) imported into the United Kingdom ; or
- (b) produced in the United Kingdom by a person who is required by subsection (2) below to be licensed to produce made-wine for sale,

a duty of excise at the rates shown in Schedule 5 to this Act and the duty shall, in so far as it is chargeable on made-wine produced in the United Kingdom, be charged and paid in accordance with regulations under section 140 of the Act of 1952 (as substituted by paragraph 27 of Schedule 3 to this Act).

(2) Subject to subsections (3) and (4) below, a person who, on any premises in the United Kingdom, produces made-wine for sale must hold an excise licence under this subsection in respect of those premises for that purpose and on such a licence there shall be charged an excise duty at the rate of £5.25 per annum.

(3) A person who, in warehouse, produces made-wine for sale by rendering it sparkling in accordance with regulations under section 16(2) of this Act need not hold an excise licence under subsection (2) above in respect of those premises.

(4) A person need not hold an excise licence under subsection (2) above in respect of premises on which he produces made-wine for sale so long as all the following conditions are satisfied in relation to the production of made-wine by him on those premises, that is to say—

- (a) the excise duty chargeable on each alcoholic ingredient used by him has become payable before he uses it ;
- (b) the ingredients he uses do not include non-excisable cider or black beer ;
- (c) he does not by fermentation increase the alcoholic strength of any liquor or substance used by him ; and
- (d) he does not render any made-wine sparkling.

(5) If any person who is required by subsection (2) above to hold a licence under that subsection in respect of any premises produces made-wine on those premises without being the holder of a licence under that subsection in respect of those premises he shall be liable to a penalty of £500 and the made-wine and all vessels, utensils and materials for producing made-wine found in his possession shall be liable to forfeiture.

(6) In this section (and in the customs Acts and excise Acts)—

“ made-wine ” means any liquor obtained from the alcoholic fermentation of any substance or by mixing a liquor so obtained or derived from a liquor so obtained with any other liquor or substance but does not include wine, beer, black beer, spirits or non-excisable cider ;

“non-excisable cider” means cider (or perry) of a strength less than 8·7 per cent. of alcohol by volume (at a temperature of 20°C) obtained from the fermentation of apple or pear juice without the addition at any time of any alcoholic liquor or of any liquor or substance which communicates colour or flavour other than such as the Commissioners may allow as appearing to them to be necessary to produce cider (or perry);

and, subject to any provision contained in Schedule 3 to this Act, in the excise Acts in force on 1st January 1976, for the expression “British wine” (substituted for “sweets” by section 1(4) of the Finance Act 1962) wherever occurring, there shall be substituted the expression “made-wine”.

16.—(1) On 1st January 1976 the following provisions of the Act of 1952 (which regulate warehouses and warehoused goods), that is to say, sections 81 to 84 (except 82(3)), 86 to 89 and 145(1) and (2), shall be replaced by regulations having effect under subsection (2) of this section.

(2) The Commissioners may by regulations regulate the deposit, keeping, securing and treatment of goods in and the removal of goods from warehouse and, without prejudice to the generality of the foregoing words, the regulations may include provisions—

- (a) imposing or providing for the imposition under the regulations of conditions and restrictions subject to which goods may be deposited in, kept in or removed from warehouse or made available there to their owner for any prescribed purpose;
- (b) requiring goods deposited in warehouse to be produced to or made available for inspection by an officer on request by him;
- (c) permitting the carrying out on warehoused goods of such operations (other than operations consisting of the mixing of spirits with wine or made-wine) as may be prescribed by or allowed under the regulations in such manner and subject to such conditions and restrictions as may be so prescribed or allowed;
- (d) for determining, for the purpose of charging or securing the payment of duty, the duties of customs or excise and the rates thereof to be applied to warehoused goods (other than goods falling within section 80(1)(e) of the Act of 1952) and in that connection—

(i) for determining the time by reference to which warehoused goods are to be classified;

PART I

(ii) for determining the time at which warehoused goods are to be treated as having been removed from warehouse ;

(iii) for ascertaining the quantity which is to be taken as the quantity of warehoused goods ;

and may contain such incidental or supplementary provisions as the Commissioners think necessary or expedient for the protection of the revenue.

(3) The regulations may make different provision for warehouses or parts of warehouses of different descriptions or for goods of different classes or descriptions or of the same class or description in different circumstances.

(4) The regulations may make provision about the removal of goods from one warehouse to another or from one part of a warehouse to another part or for treating goods remaining in a warehouse as if, for all or any prescribed purposes of the customs Acts or excise Acts or any charge to customs or excise duty, they had been so removed ; and regulations about the removal of goods may, for all or any prescribed purposes of those Acts or any such charge, include provision for treating the goods as having been warehoused or removed from warehouse (where they would not otherwise be so treated).

(5) Regulations made by virtue of paragraph (a) or (c) of subsection (2) above may also provide for the forfeiture of goods in the event of non-compliance with any condition or restriction imposed by virtue of that paragraph or in the event of the carrying out of any operation on warehoused goods which is not by virtue of the said paragraph (c) permitted to be carried out in warehouse.

(6) Section 34(1A) of the Act of 1952 (provision for deferment of payment of duty) shall apply to warehoused goods with the substitution of a reference to regulations under subsection (2) above for any reference to that section.

(7) If any person fails to comply with any regulation made under subsection (2) above or with any condition or restriction imposed under a regulation so made he shall be liable to a penalty of £100.

(8) In this section " the regulations " means regulations under subsection (2) above and " prescribed " means prescribed by the regulations.

(9) The enactments specified in Schedule 6 to this Act shall have effect, on and after 1st January 1976, subject to the amendments specified in that Schedule (being minor amendments connected with the replacement of the provisions referred to in subsection (1) above by regulations under this section).

PART II

VALUE ADDED TAX AND CAR TAX

17.—(1) Subsection (1) of section 9 of the Finance Act 1972 shall have effect as if in its application to—

VAT: higher rate.

1972 c. 41.

(a) a supply which is of a description for the time being specified in Schedule 7 to this Act or is a supply of goods or services of a description for the time being so specified, and

(b) the importation of goods of a description for the time being so specified,

the rate of 25 per cent. ("the higher rate") were substituted for the rate specified in it ("the standard rate"); and any order made under subsection (3) of that section may apply to both the standard rate and the higher rate or to only one of them, and an order applying to both may make the same or different provision in respect of each.

(2) The Treasury may by order vary Schedule 7 to this Act by adding to or deleting from it any description or by varying any description for the time being specified in it.

(3) In its application to orders under subsection (2) above, section 43 of the Finance Act 1972 shall have effect as if the orders falling within subsection (4) of that section (affirmative resolution) included any order varying Schedule 7 to this Act so as to bring any description within that Schedule.

(4) Schedule 7 to this Act shall be interpreted in accordance with the notes contained in it; and accordingly the power conferred by subsection (2) above includes power to add to, delete or vary those notes.

(5) The descriptions of Groups in Schedule 7 to this Act are for ease of reference only and shall not affect the interpretation of the descriptions of items in those Groups.

(6) In Schedule 4 to the Finance Act 1972 (Zero-rating), at the end of Item 1 of Group 17 (Clothing and Footwear) there shall be added the words "except articles within Item 1 of Group 6 of Schedule 7 to the Finance (No. 2) Act 1975".

(7) Section 2 of the Finance Act 1975 shall cease to have effect.

1975 c. 7.

(8) This section (except subsections (2) and (3)) shall be deemed to have come into force at the beginning of May 1975.

18.—(1) Where a person makes a supply on which value added tax is chargeable by applying, or causing to be applied, any treatment or process to another person's goods, then if the added tax is chargeable by applying, or causing to be applied, conversion of certain goods.

(a) are not goods to which subsection (3) below applies, but

PART II

- (b) become as a result of the treatment or process goods to which that subsection applies,

the amount of the tax chargeable shall, subject to the following provisions of this section, be determined as if the supply had been a sale for full consideration of the goods resulting from the treatment or process.

- (2) Subsection (1) above does not apply where the person to whom the supply is made—

1972 c. 41.

- (a) is registered under Part I of the Finance Act 1972, and
 (b) gives to the person making the supply a certificate, in such form and containing such particulars as the Commissioners may by regulations prescribe, that the supply is for the purpose of a business carried on or to be carried on by him.

- (3) This subsection applies to—

- (a) boats of a gross tonnage of 15 tons or more, aircraft of a weight of 8,000 kilogrammes or more, and hovercraft, if (in each case) they have been adapted, but were not designed, for use for recreation or pleasure; and
 (b) goods comprised in Items 1 to 3 of Group 7 of Schedule 7 to this Act.

(4) The Treasury may by order vary subsection (3) above by adding to or deleting from it any description of goods or by varying any description of goods for the time being specified in it.

(5) The Treasury may by order make provision for securing a reduction of the tax chargeable on supplies to which subsection (1) above applies in cases where—

- (a) tax was previously chargeable on a supply or importation of the goods to which the treatment or process is applied, and
 (b) such other conditions are satisfied as may be specified in the order or as may be imposed by the Commissioners in pursuance of the order.

(6) A person who applies or causes to be applied a treatment or process to another person's goods shall, if the goods satisfy the conditions of paragraphs (a) and (b) of subsection (1) above, be treated for the purposes of section 5(3) of the Finance Act 1972 as producing the resulting goods by applying the treatment or process, whether or not he would otherwise fall to be so treated.

(7) In its application to orders under subsection (4) above, section 43 of the Finance Act 1972 shall have effect as if the orders falling within subsection (4) of that section (affirmative resolutions) included any order as a result of which goods of any description become goods to which subsection (3) above applies.

19.—(1) In section 7 of the Finance Act 1972 (time of supply), after subsection (6) there shall be inserted as subsection (6A)— PART II
VAT:
time of supply.
1972 c. 41.

“(6A) The Commissioners may, at the request of a taxable person, by direction alter the time at which supplies made by him (or such supplies made by him as may be specified in the direction) are to be treated as taking place, either—

(a) by directing those supplies to be treated as taking place—

(i) at times or on dates determined by or by reference to the occurring of some event described in the direction ; or

(ii) at times or on dates determined by or by reference to the time when some event so described would in the ordinary course of events occur,

the resulting times or dates being in every case earlier than would otherwise apply ; or

(b) by directing that, notwithstanding subsections (5) and (6) of this section, those supplies shall (to the extent that they are not treated as taking place at the time mentioned in subsection (4) of this section) be treated as taking place—

(i) at the beginning of the relevant working period (as defined in his case in and for the purposes of the direction) ; or

(ii) at the end of the relevant working period (as so defined) ”.

(2) In section 7(8) of the Finance Act 1972 (Commissioners' power to make regulations about time of supply in certain cases), after the words “notwithstanding the preceding provisions of this section” there shall be inserted the words “other than subsection (6A)”.

(3) Where there were in force immediately before 21st April 1975 arrangements between the Commissioners and any taxable person for supplies made by him (or such supplies made by him as were specified in the arrangements) to be treated as taking place at times or on dates which, had subsections (1) and (2) above been in force when the arrangements were made, could have been provided for by a direction under subsection (6A) of the said section 7, he shall be treated for the purposes of the said subsection (6A) as having requested the Commissioners to give a direction thereunder to the like effect, and the Commissioners may give a direction (or a general direction applying to cases of any class or description specified in the direction) accordingly.

PART II

(4) Where a taxable person provides a document to himself which—

(a) purports to be a tax invoice in respect of a supply of goods or services to him by another taxable person ; and

1972 c. 41.

(b) is in accordance with regulations under section 30 of the Finance Act 1972 treated as the tax invoice required by the regulations to be provided by the supplier, section 7(5) and (6) of the Finance Act 1972 (under which the time of supply depends on the issue of a tax invoice by the supplier) shall have effect in relation to that supply—

(i) as if the provision of the document to himself by the first-mentioned taxable person were the issue by the supplier of a tax invoice in respect of the supply ; and

(ii) as if any notice of election given or request made by the first-mentioned taxable person for the purposes of those provisions had been given or made by the supplier.

(5) This section shall be deemed to have come into force on 21st April 1975.

VAT:
power to
alter rates.

20. In section 9(3) of the Finance Act 1972 (which enables the Treasury to alter the rates of value added tax by not more than 20 per cent. thereof) for “ 20 ” there shall be substituted “ 25 ”.

VAT:
gaming
machines.

21.—(1) Where a person plays a game of chance by means of a gaming machine, then for the purposes of value added tax (but without prejudice to subsection (2) below) the amount paid by him to play shall be treated as the consideration for a supply of services to him.

(2) The value to be taken as the value of supplies made in the circumstances mentioned in subsection (1) above in any period shall be determined as if the consideration for the supplies were reduced by an amount equal to the amount (if any) received in that period by persons (other than the person making the supply and persons acting on his behalf) playing successfully.

(3) The insertion of a token into a machine shall be treated for the purposes of subsection (1) above as the payment of an amount equal to that for which the token can be obtained ; and the receipt of a token by a person playing successfully shall be treated for the purposes of subsection (2) above—

(a) if the token is of a kind used to play the machine, as the receipt of an amount equal to that for which such a token can be obtained ;

(b) if the token is not of such a kind but can be exchanged for money, as the receipt of an amount equal to that for which it can be exchanged.

PART II

(4) In this section—

“game of chance” has the same meaning as in the Gaming 1968 c. 65. Act 1968; and

“gaming machine” means a machine in respect of which the following conditions are satisfied, namely—

(a) it is constructed or adapted for playing a game of chance by means of it; and

(b) a player pays to play the machine (except where he has an opportunity to play payment-free as the result of having previously played successfully), either by inserting a coin or token into the machine or in some other way; and

(c) the element of chance in the game is provided by means of the machine.

(5) This section shall come into force on 1st November 1975.

22.—(1) In section 52(4) of the Finance Act 1972 (vehicles excluded from charge to car tax) the word “caravans” shall be omitted from paragraph (c); and

Car tax on caravans. 1972 c. 41.

(a) at the end of paragraph (b) (heavy vehicles) there shall be added the words “other than caravans”; and

(b) at the end of paragraph (e) (special purpose vehicles) there shall be added the words “but excluding caravans”.

(2) This section shall be deemed to have come into force at the beginning of May 1975.

23.—(1) In Schedule 7 to the Finance Act 1972 the following paragraph shall be substituted for paragraph 7 (which provides that car tax is not to be charged on certain unregistered vehicles which have been or are to be exported)—

Repayment of car tax on exported vehicles.

“7. Where the Commissioners are satisfied that a vehicle—

(a) has been exported and was not registered before it was exported, or

(b) is to be exported under arrangements approved by them and is not registered,

they shall remit the tax on the vehicle or, if the tax has been paid, repay it; but where such a vehicle is imported after having been exported the provisions of section 52 of this Act and of this Schedule shall apply in relation to it as they apply in relation to a vehicle made outside the United Kingdom and not previously imported.”

(2) In paragraph 8 of that Schedule (remission of tax on vehicles acquired for export)—

(a) at the end of sub-paragraph (1) there shall be added the words “or, if the tax has been paid and the vehicle is unused, repay the tax”;

PART II

(b) in sub-paragraph (2)—

(i) after the words “has been remitted” there shall be inserted the words “or repaid”;

(ii) for the words “on granting the remission directed” there shall be substituted the words “directed, as a condition of the remission or repayment,”; and

(iii) after the words “but for the remission” there shall be inserted the words “or, as the case may be, an amount of tax equal to that repaid”.

Car tax:
converted and
adapted
vehicles.

1972 c. 41.

24. In Schedule 7 to the Finance Act 1972 the following paragraph shall be substituted for paragraph 14 (converted and adapted vehicles)—

“14.—(1) If it appears to the Commissioners that a person converts or adapts chargeable vehicles and that the vehicles so converted or adapted remain chargeable vehicles, they may direct that the conversion or adaptation shall, where it is of a description specified in the direction, be treated for the purposes of the tax as the making of the vehicles resulting from it, whether or not it would otherwise fall to be so treated.

(2) A person in respect of whom a direction under this paragraph is in force shall be liable to be registered under this Schedule, whether or not he would otherwise be so liable.

(3) Where a direction under this paragraph is in force in respect of any person, then, subject to such conditions as the Commissioners think necessary for the protection of the revenue and as are specified in the direction,—

(a) tax shall not be charged on any unused vehicle delivered to that person, under arrangements approved by the Commissioners, by a person registered under this Schedule; and

(b) the wholesale value of any used vehicle which has been converted or adapted shall be taken to be reduced by an amount equal to what would have been its wholesale value if it had not been converted or adapted.”

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL
GAINS TAX

CHAPTER I

GENERAL

25. Income tax for the year 1975-76 shall be charged at the basic rate of 35 per cent.; and

Charge of
income tax for
1975-76.

(a) in respect of so much of an individual's total income as exceeds £4,500 at such higher rates as are specified in the Table below; and

(b) in respect of so much of the investment income included in an individual's total income as exceeds £1,000 at the additional rates of 10 per cent. for the first £1,000 of the excess and 15 per cent. for the remainder;

except that, in the case of an individual who shows that, at any time within that year, his age or that of his wife living with him was sixty-five years or more, income tax at the additional rate of 10 per cent. shall not be charged in respect of the first £500 of the excess mentioned in paragraph (b) above.

TABLE

<i>Part of excess over £4,500</i>	<i>Higher rate</i>
The first £500 ...	40 per cent.
The next £1,000 ...	45 per cent.
The next £1,000 ...	50 per cent.
The next £1,000 ...	55 per cent.
The next £2,000 ...	60 per cent.
The next £2,000 ...	65 per cent.
The next £3,000 ...	70 per cent.
The next £5,000 ...	75 per cent.
The remainder...	83 per cent.

26. Corporation tax shall be charged for the financial year 1974 at the rate of 52 per cent.

Charge of
corporation tax
for financial
year 1974.

27.—(1) The fraction by which, under section 93(2) of the Finance Act 1972, chargeable gains are to be reduced before they are for the purposes of corporation tax included in the profits of an authorised unit trust or investment trust shall, as from 1st April 1974, be seventy-one one-hundred-and-fourths (instead of the fraction specified in section 10(1)(b) of the Finance Act 1974).

Corporation
tax: other
rates and
fractions.
1972 c. 41.
1974 c. 30.

PART III

1972 c. 41.

(2) The small companies rate for the financial year 1974 shall be 42 per cent., and for that year the fraction mentioned in section 95(2) of the Finance Act 1972 (marginal relief for small companies) shall be one-sixth.

Rate of advance
corporation tax
for financial year
1975.

28. The rate of advance corporation tax for the financial year 1975 shall be thirty-five sixti-fifths.

Relief for
interest: limit
for 1975-76.
1974 c. 30.

29. In paragraph 5(1) of Schedule 1 to the Finance Act 1974 (limit on relief for interest on certain loans for purchase or improvement of land used as an only or main residence) the references to £25,000 shall have effect for the year 1975-76 as well as for the year 1974-75.

Alteration of
personal
reliefs.

30.—(1) In section 8 of the Taxes Act (personal relief)—

(a) for the reference in subsection (1)(a) (married) to £865 there shall be substituted a reference to £955 ; and

(b) for the references in subsection (1)(b) (single) and (2) (wife's earned income) to £625 there shall be substituted references to £675.

(2) In section 14 of the Taxes Act (additional relief for widows and others in respect of children) for the references to £180 there shall be substituted references to £280.

(3) In section 18 of the Taxes Act (relief for blind persons)—

(a) for any reference to £100 or £130 there shall be substituted a reference to £180 ; and

(b) for any reference to £200 or £260 there shall be substituted a reference to £360.

Age
allowance.

31.—(1) After subsection (1) of section 8 of the Taxes Act there shall be inserted the following subsections—

“(1A) Subject to subsection (1B) below, subsection (1) above shall have effect—

(a) in relation to a claim by a person who proves that he or his wife was at any time within the year of assessment of the age of sixty-five or upwards, as if the sum specified in paragraph (a) were £1,425 ; and

(b) in relation to a claim by a person who proves that he was at any time within the year of assessment of the age of sixty-five or upwards, as if the sum specified in paragraph (b) were £950.

(1B) Where the claimant's total income for the year of assessment exceeds £3,000, subsection (1A) above shall not

apply except in a case where the deduction to be allowed under subsection (1) above will be increased by virtue of this subsection; and in such a case shall apply as if the sums mentioned in it were reduced by two-thirds of the excess of that total income over £3,000."

PART III

(2) Section 7 of the Taxes Act shall cease to have effect.

(3) In section 5 of the Taxes Act for the words "sections 7 to 21" there shall be substituted the words "sections 8 to 21".

(4) In section 34(3) of the Finance Act 1971 for the reference to section 7 of the Taxes Act there shall be substituted a reference to section 8(1B) of that Act. 1971 c. 68.

(5) In paragraph 3(3) of Schedule 4 to the Finance Act 1971 for the reference to section 7 of the Taxes Act there shall be substituted a reference to section 8(1A) of that Act.

32. For the purposes of the Income Tax Acts payments of benefit under section 16 of the Child Benefit Act 1975 (interim benefit for unmarried or separated parents with children) or any corresponding provision having effect in Northern Ireland shall be deemed to be payments on account of allowances under the Family Allowances Act 1965 or the Family Allowances Act (Northern Ireland) 1966, as the case may be. Interim benefit for unmarried or separated parents with children. 1975 c. 61. 1965 c. 53. 1966 c. 8. (N.I.).

33. In section 219(1)(a) of the Taxes Act (which, as amended by Schedule 2 to the Social Security (Consequential Provisions) Act 1975, charges to income tax benefits under certain provisions of the Social Security Act 1975 or the Social Security (Northern Ireland) Act 1975 except unemployment benefit, sickness benefit, invalidity benefit, attendance allowance, maternity benefit and death grant), after the words "attendance allowance" there shall be inserted the words "non-contributory invalidity pension". Exemption of non-contributory invalidity pension. 1975 c. 18. 1975 c. 14. 1975 c. 15.

34.—(1) Subject to subsections (9) to (11) below, this section applies to the following share capital, that is to say— Stock dividends.

(a) any share capital issued by a company resident in the United Kingdom in consequence of the exercise by any person of an option conferred on him to receive in respect of shares in the company (whether the last-mentioned shares were issued before or after the coming into force of this section) either a dividend in cash or additional share capital; and

(b) any bonus share capital issued by a company so resident in respect of any shares in the company of a relevant class (whether the last-mentioned shares were issued before or after the coming into force of this section).

PART III

(2) For the purposes of subsection (1)(b) above a class of shares is a relevant class if—

- (a) shares of that class carry the right to receive bonus share capital in the company of the same or a different class ; and
- (b) that right is conferred by the terms on which shares of that class were originally issued or by those terms as subsequently extended or otherwise varied.

(3) Where a company issues any share capital to which this section applies in a case in which two or more persons are entitled thereto, the following provisions of this section and paragraph 3 of Schedule 8 to this Act shall have effect as if the company had issued to each of those persons separately a part of that share capital proportionate to his interest therein on the due date of issue.

(4) Subject to the following provisions of this section, where a company issues any share capital to which this section applies in a case in which an individual is beneficially entitled to that share capital, that individual shall be treated as having received on the due date of issue income of an amount which, if reduced by an amount equal to income tax thereon at the basic rate for the year of assessment in which that date fell, would be equal to the appropriate amount in cash (as defined in paragraph 1 of Schedule 8 to this Act), and—

- (a) no assessment shall be made on the individual in respect of income tax at the basic rate on the said income but he shall be treated as having paid tax at the basic rate on it or, if his total income is reduced by any deductions, on so much of the said income as is part of his total income as so reduced ;
- (b) no repayment shall be made of income tax treated by virtue of paragraph (a) above as having been paid ; and
- (c) the said income shall be treated for the purposes of sections 52 and 53 of the Taxes Act as not brought into charge to income tax.

(5) Where a company issues any share capital to which this section applies to the personal representatives of a deceased person as such during the administration period, the amount of income which, if the case had been one in which an individual was beneficially entitled to that share capital, that individual would have been treated under subsection (4) above as having received shall be deemed for the purposes of Part XV of the Taxes Act to be part of the aggregate income of the estate of the deceased.

The preceding provisions of this subsection shall be construed as if contained in Part XV of the Taxes Act ; and in section

432(7) of that Act there shall be added at the end the words “and section 34(5) of the Finance (No. 2) Act 1975 (stock dividends)”.

PART III

(6) Where a company issues any share capital to which this section applies to trustees in respect of any shares in the company held by them (or by them and one or more other persons) in a case in which a dividend in cash paid to the trustees in respect of those shares would have been to any extent income to which section 16 of the Finance Act 1973 (charge to additional rate of certain income of discretionary trusts) applies, then— 1973 c. 51.

- (a) there shall be ascertained the amount of income which, if the case had been one in which an individual was beneficially entitled to that share capital, that individual would have been treated under subsection (4) above as having received ; and
- (b) income of that amount shall be treated as having arisen to the trustees on the due date of issue and as if it had been chargeable to income tax at the basic rate ; and
- (c) paragraphs (a) to (c) of subsection (4) above shall, with the substitution of “income” for “total income” and all other necessary modifications, apply to that income as they apply to income which an individual is treated as having received under that subsection.

In section 17(3)(b) of the Finance Act 1973 (amounts to be set off in connection with payments under discretionary trusts) after “above” there shall be inserted “or under section 34(6) of the Finance (No. 2) Act 1975”.

(7) Schedule 8 to this Act shall have effect for supplementing this section, which is there referred to as the principal section.

(8) For the purposes of this section and Schedule 8 to this Act—

- (a) “bonus share capital”, in relation to a company, means share capital issued by the company otherwise than wholly for new consideration or such part of any share capital so issued as is not properly referable to new consideration ;
- (b) “the due date of issue”, in relation to any share capital issued by a company, means the earliest date on which the company was required to issue that share capital ;
- (c) an option to receive either a dividend in cash or additional share capital is conferred on a person not only where he is required to choose one or the other, but also where he is offered the one subject to a right, however expressed, to choose the other instead, and a

PART III

person's abandonment of, or failure to exercise, such a right is to be treated as an exercise of the option ; and

- (d) section 237 of the Taxes Act (supplemental provisions about company distributions), excluding the proviso in subsection (1) and subsections (5) and (6), shall apply as it applies for the purposes of Part X of the Taxes Act.

(9) This section shall be deemed to have come into force on 6th April 1975, but shall not apply to—

- (a) any share capital issued by a company which falls within subsection (1)(a) or (b) above but of which the due date of issue preceded that date ; or
- (b) any share capital issued by a company in respect of shares in the company which confer on the holder a right to convert or exchange them into or for shares in the company of a class which is not a relevant class for the purposes of subsection (1)(b) above where the due date of issue of the share capital so issued precedes the earlier of the following dates, namely—
- (i) the day next after the earliest date after 5th August 1975 on which conversion or exchange of the shares could be effected by an exercise of that right ; and
- (ii) 6th April 1976 or, in the case of share capital issued by an investment trust (within the meaning of Chapter VI of Part XII of the Taxes Act), 6th April 1977.

(10) Where, in a case within subsection (4) above, the share capital in question is issued in respect of shares in the company issued before 6th April 1975 which confer on the holder a right to convert or exchange them into or for shares in the company of a different class, this section shall not apply to so much (if any) of any bonus share capital issued by the company after 5th April 1976 in connection with an exercise of that right as would have been issued if that right had been exercised so as to effect the conversion or exchange of the shares on the earliest possible date after 5th April 1975 ; and subsections (5) and (6) above shall, where applicable, have effect accordingly.

(11) Where any bonus share capital falling within subsection (1)(b) above (whether issued before or after the coming into force of this section) is after 5th April 1975 converted into or exchanged for shares in the company in question of a different class, then—

- (a) this section shall not apply to any shares in the company issued, in connection with the conversion or exchange,

in consideration of the cancellation, extinguishment or acquisition by the company of that bonus share capital; but

- (b) sub-paragraphs (a) and (b) of paragraph 6 of Schedule 8 to this Act shall apply to any shares in the company issued, in connection with the conversion or exchange, in consideration of the cancellation, extinguishment or acquisition by the company of so much of that bonus share capital as caused an individual to be treated under subsection (4) above as having received an amount of income on the due date of issue (or would have done so if the case had been one in which an individual was beneficially entitled to that share capital).

35.—(1) Where a person incurs expense in or in connection with the provision for any employee, by reason of his employment, of insurance against the cost of medical treatment in circumstances such that section 196(1) of the Taxes Act (benefits in kind to be taken into account) would not, apart from this section, apply to the expense (whether because of the rate of the employee's emoluments or for any other reason), then, irrespective of the rate of those emoluments, Chapter II of Part VIII of the Taxes Act (expenses allowances to directors and others) shall have effect in relation to the expense as if—

Benefits in kind:
insurance against cost of medical treatment.

- (a) the employee (if not so employed) were employed by the person incurring the expense in an employment to which that Chapter applies; and
- (b) section 201 (exclusion of charities and non-trading bodies) were omitted.

(2) Where expense in or in connection with the provision of insurance against the cost of medical treatment is incurred by a person in respect of two or more employees as members of a group or class, then, for the purposes of subsection (1) above and of Chapter II of Part VIII of the Taxes Act in its application (whether or not by virtue of that subsection) to that expense, the expense incurred in respect of any one of those employees shall be taken to be such part of that expense as is just and reasonable.

(3) Notwithstanding anything in this section or Chapter II of Part VIII of the Taxes Act, that Chapter shall not apply in relation to expense incurred wholly in or in connection with the provision for an employee of insurance against the cost of medical treatment outside the United Kingdom the need for which arises while he is outside the United Kingdom for the purpose of performing the duties of his employment.

PART III

(4) For the purposes of this section—

- (a) “employee” means the holder of any office or employment such that any emoluments thereof would fall to be assessed under Schedule E, and related expressions shall be construed accordingly;
- (b) medical treatment includes all forms of treatment for, and all procedures for diagnosing, any physical or mental ailment, infirmity or defect, and the cost of medical treatment includes the cost of being an in-patient, whether or not in a private room, for the purpose of medical treatment;
- (c) any such provision as is mentioned in subsection (1) above which is made for an employee by his employer shall be deemed to be made for the employee by reason of his employment; and
- (d) any reference to the provision of insurance for an employee includes a reference to the provision of it for the spouse or family of that employee.

(5) This section has effect for the year 1976-77 and subsequent years of assessment.

Benefits in kind: vouchers other than cash vouchers.

36.—(1) Subject to subsection (2) below, where a voucher provided for an employee by reason of his employment is received by the employee, then, for the purposes of the Income Tax Acts—

- (a) he shall be treated as having received in the relevant year of assessment an emolument from his employment of an amount equal to the expense incurred by the person providing the voucher in or in connection with the provision of the voucher and the money, goods or services for which it is capable of being exchanged; and
- (b) any money, goods or services obtained by the employee or any other person in exchange for the voucher shall be disregarded.

For the purposes of this subsection the relevant year of assessment, in relation to a voucher, is the one in which the said expense is incurred by the person providing the voucher or, if different and later, the one in which the voucher is received by the employee.

(2) Where a voucher provided for an employee by reason of his employment is exchanged by him for goods or services such that, if he had purchased those goods or services for money, the money expended by him would have qualified for relief under section 189 of the Taxes Act (relief for necessary expenses), subsection (1) above shall not apply in relation to that voucher.

(3) Where a voucher provided for an employee by reason of his employment is appropriated to him (whether by attaching it to a card held for him or in any other way), subsection (1) above shall have effect as if the employee had received the voucher at the time when it was so appropriated.

(4) In this section "voucher" does not include a cash voucher within the meaning of section 37 of this Act but, subject to that, means any voucher, stamp or similar document capable of being exchanged (whether singly or together with other such vouchers, stamps or documents, and whether immediately or only after a time) for money, goods or services (or for any combination of two or more of those things).

(5) For the purposes of this section—

- (a) "employee" and related expressions have the meaning given by section 35(4)(a) of this Act;
- (b) where a person incurs expense in or in connection with the provision by him of vouchers for two or more employees as members of a group or class, the expense incurred in respect of any one of them shall be taken to be such part of that expense as is just and reasonable;
- (c) a voucher provided for an employee by his employer shall be deemed to be provided for him by reason of his employment; and
- (d) any reference to a voucher being provided for or received by an employee includes a reference to it being provided for or received by the spouse or family of that employee.

(6) This section has effect for the year 1976-77 and subsequent years of assessment.

37.—(1) Where a cash voucher provided for an employee by reason of his employment is received by the employee, then, subject to subsection (5) below, for the purposes of the Income Tax Acts (and in particular section 204(1) of the Taxes Act (pay as you earn))—

Benefits in kind: cash vouchers to be taxed under P.A.Y.E.

- (a) he shall be treated as being paid by his employer, at the time when he receives the voucher, an emolument of his employment of an amount equal to the sum of money for which the voucher is capable of being exchanged as mentioned in subsection (3) below; and
- (b) any money obtained by the employee or any other person in exchange for the voucher shall be disregarded.

(2) Where a cash voucher provided for an employee by reason of his employment is appropriated to him (whether by attaching it to a card held for him or in any other way), subsection (1) above and subsection (5) below shall have effect as if the employee had received the voucher at the time when it was so appropriated.

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(3) In this section “cash voucher” (subject to subsection (4) below) means any voucher, stamp or similar document capable of being exchanged (whether singly or together with other such vouchers, stamps or documents, and whether immediately or only after a time) for a sum of money greater than, equal to or not substantially less than the expense incurred in providing the voucher by the person who provides it (whether or not it is also capable of being exchanged for goods or services), except that it does not include—

- (a) any document intended to enable a person to obtain payment of the sum mentioned in the document, being a sum which if paid to him directly would not have been chargeable to income tax under Schedule E ; or
- (b) a savings certificate the accumulated interest payable in respect of which is exempt from tax (or would be so exempt if certain conditions were satisfied).

(4) Where a voucher, stamp or similar document is capable of being exchanged (as aforesaid) for a sum of money substantially less than the expense incurred in providing the voucher by the person who provides it, and the difference or part of the difference represents the cost to that person of providing benefits in connection with sickness, personal injury or death, then in determining whether the voucher, stamp or document is a cash voucher within the meaning of this section the expense incurred by him in providing it shall be treated as reduced by that difference or part.

(5) Subsection (1) above shall not apply to a cash voucher received by an employee if, at the time when the voucher is received, the scheme under which it was issued is a scheme approved by the Board for the purposes of this subsection ; and the Board shall not approve a scheme for those purposes unless satisfied that it is practicable for income tax to be deducted in accordance with regulations under section 204 of the Taxes Act from all payments made in exchange for vouchers issued under the scheme.

(6) Subsection (5)(a), (c) and (d) and subsection (6) of section 36 of this Act shall apply for the purposes of this section (the references in the said subsection (5)(c) and (d) to a voucher being for this purpose read as references to a cash voucher).

Workers
supplied by
agencies.

38.—(1) Subject to the provisions of this section, where—

- (a) an individual (in this section called “the worker”) renders or is under an obligation to render personal services to another person (in this section called “the client”) and is subject to, or to the right of, supervision, direction or control as to the manner in which he renders those services ; and

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- (b) the worker is supplied to the client by or through a third person (in this section called "the agency"), and renders or is under an obligation to render those services under the terms of a contract between the worker and the agency (in this section called "the relevant contract"); and
- (c) remuneration receivable under or in consequence of that contract would not, apart from this section, be chargeable to income tax under Schedule E,

then, for all the purposes of the Income Tax Acts, the services which the worker renders or is under an obligation to render to the client under that contract shall be treated as if they were the duties of an office or employment held by the worker, and all remuneration receivable under or in consequence of that contract shall be treated as emoluments of that office or employment and shall be assessable to income tax under Schedule E accordingly.

(2) Subsection (1)(b) above includes cases in which the third person is an unincorporated body of which the worker is a member.

(3) Subsection (1) above shall apply whether or not the worker renders or is under an obligation to render the services in question as a partner in a firm or member of an unincorporated body; and where, in any case in which that subsection applies, the worker is a partner in a firm or a member of such a body, remuneration receivable under or in consequence of the relevant contract shall be treated for all the purposes of the Income Tax Acts as income of the worker and not as income of the firm or body.

(4) For the purposes of this section any remuneration which the client pays or provides by reason of the worker being a person who renders or is under an obligation to render the services in question shall be treated as receivable in consequence of the relevant contract.

(5) Subsection (1) above shall not apply—

- (a) if the services in question are services as an actor, singer, musician or other entertainer or as a fashion, photographic or artist's model; or
- (b) if the services in question are rendered wholly in the worker's own home or at other premises which are neither under the control or management of the client nor premises at which the worker is required, by reason of the nature of the services, to render them; or
- (c) if in rendering the services the worker is or would be a sub-contractor within the meaning of section 69(2) of this Act.

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(6) Where an individual enters into arrangements with another person with a view to the rendering of personal services by the individual, being arrangements such that, if and when he renders any such services as a result of the arrangements, those services will be treated under subsection (1) above as if they were the duties of an office or employment held by him, then for all purposes of the Income Tax Acts any remuneration receivable under or in consequence of the arrangements shall be treated as emoluments of an office or employment held by the individual and shall be assessable to income tax under Schedule E accordingly.

(7) Where—

- (a) any services which an individual renders or is under an obligation to render under a contract are treated under subsection (1) above as the duties of an office or employment held by him ; or
- (b) any remuneration receivable under or in consequence of arrangements to which subsection (6) above applies is treated under that subsection as emoluments of an office or employment held by an individual,

1970 c. 9.

section 15 of the Taxes Management Act 1970 (return of employees etc.) shall apply as if that individual were employed—

- (i) in a case within paragraph (a) above, by the person or each of the persons from whom he receives any remuneration under or in consequence of the contract ; and
- (ii) in a case within paragraph (b) above, by the other party to the arrangements,

and section 16 of that Act (return of payments made to persons other than employees) shall not apply to any payments made to that individual under or in consequence of that contract or under those arrangements.

(8) In this section “remuneration”, in relation to an individual, does not include anything in respect of which he would not have been chargeable to tax under Schedule E if it had been receivable in connection with an office or employment held by him but, subject to that, includes every form of payment and all perquisites, benefits and profits whatsoever.

(9) The preceding provisions of this section shall have effect for the year 1976-77 and subsequent years of assessment.

(10) In assessing to income tax under Case I or Case II of Schedule D any profits or gains arising or accruing in the year 1975-76 or any earlier year of assessment from any trade, profession or vocation not permanently discontinued before 6th April 1976, being profits or gains which, if subsections (1) to (8) above had had effect for that year, would have been assessable to tax under Schedule E, the trade, profession or

vocation shall be treated for all the purposes of the Income Tax Acts as having been permanently discontinued on 5th April 1976: PART III

Provided that where only part of those profits or gains would, if those subsections had had effect for that year, have been assessable to tax under Schedule E, that part shall be treated as arising or accruing from a separate trade, profession or vocation, and only that separate trade, profession or vocation shall be treated under this subsection as having been permanently discontinued as aforesaid.

39. Section 29 of the Finance Act 1971 (which requires deductions to be made from payments to certain sub-contractors in the construction industry) shall have effect in relation to payments made on or after 1st September 1975 with the substitution in subsection (4) (amount of deduction) for "30 per cent." of "35 per cent." Increase in deductions to be made from payments to sub-contractors in the construction industry. 1971 c. 68.

40. At the beginning of sub-paragraph (1) of paragraph 19 of Schedule 2 to the Finance Act 1975 there shall be inserted the words "Subject to sub-paragraph (1A) below" and after that sub-paragraph there shall be inserted the following sub-paragraph: Amendment of Finance Act 1975, Schedule 2, paragraph 19. 1975 c. 7.

"(1A) Except where the deficiency mentioned in sub-paragraph (1) above occurs in connection with a contract for a life annuity made after 26th March 1974, the deduction allowable under that sub-paragraph shall be made only for the purpose of ascertaining the individual's excess liability, that is to say, the excess (if any) of his liability to income tax over what it would be if all income tax were chargeable at the basic rate to the exclusion of any other rate."

41. In relation to interest paid or income arising after 29th April 1975 section 76(3) of the Finance Act 1972 (securities bought with borrowed money where borrower is a close company which is not a trading company) shall have effect with the omission of the words "which is not a trading company" and with the addition, at the end, of the following proviso— Securities bought with borrowed money. 1972 c. 41.

"Provided that subsection (2) above shall not by virtue of this subsection apply—

- (a) in the case of a debt or liability incurred by a close company in connection with the acquisition by it of any securities, or an interest in any securities, if the proceeds accruing to the company from the redemption of the securities, or from a disposal of them or of the interest in them, are treated as a receipt of its trade; or

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(b) in the case of a debt or liability incurred by a close company in connection with the acquisition by it of Treasury Bills."

Insurance companies: effect for tax purposes of identification or exchange of long term assets.

1974 c. 49.

42.—(1) The provisions of this section apply to any insurance company which carries on or has carried on long term business, and shall have effect for all purposes of the Corporation Tax Acts.

(2) A profit or loss shall not be taken to have arisen in respect of any asset of the company by reason only that—

- (a) the asset has at any time on or after the base date been identified under arrangements made for the purposes of section 23(3) of the Insurance Companies Act 1974 as attributable to the company's long term business; or
- (b) the asset is not among the assets of the company which have at any time on or after that date been identified under those arrangements as so attributable.

(3) Subject to subsection (5) below, a profit or loss shall not be taken to arise in respect of any asset of the company by reason only that at any time after the base date the asset was or is exchanged for other assets of the company so as to become or cease to be part of the long term assets.

(4) Subject to subsection (6) below, if an asset of the company which has at any time after 29th April 1975 been exchanged as mentioned in subsection (3) above is—

- (a) within the period of one year beginning with the date of that exchange ("the relevant exchange") exchanged again for other assets of the company so as to cease to be or, as the case may be, become part of the long term assets; or
- (b) within the period of six months beginning with the date of the relevant exchange disposed of by the company, then any income arising in respect of the asset after the relevant exchange, and any profit, gain or loss accruing to the company on a disposal of the asset made after the relevant exchange, shall be treated as if the relevant exchange had not taken place.

(5) If an insurance company to which this section applies by notice in writing given to the inspector so elects, then, where in the relevant period any relevant asset of the company was or is exchanged as mentioned in subsection (3) above—

- (a) that subsection shall not apply in relation to that asset as regards that exchange; and
- (b) the company shall be treated as if the asset had been disposed of at market value by the company at the time of the exchange.

In this and the following subsection—

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“the relevant period”, in relation to a notice under this subsection, means the period of six years from the end of the accounting period of the company in which the notice is given or, if the notice is given within one year after the passing of this Act and so requires, the period beginning with the day after the base date and ending six years after the end of the accounting period of the company in which the day after the base date fell;

“relevant asset”, in relation to an insurance company, means an asset of the company such that, if it were sold, the proceeds would be taken into account in any computation of profits of the company in accordance with the provisions of the Taxes Act applicable to Case I of Schedule D.

(6) Where an insurance company has given a notice under subsection (5) above, subsection (4) above shall, as regards relevant assets disposed of by the company in the relevant period, have effect as if paragraph (b) and the reference to any profit, gain or loss accruing to the company on a disposal made after the relevant exchange were omitted.

(7) If at any time after the base date an insurance company to which this section applies disposed or disposes of an asset which—

(a) was or is part of the long term assets at the time of the disposal, but without having been continuously part of those assets since its acquisition by the company; or

(b) was or is not part of the long term assets at the time of the disposal, but without having been continuously not part of those assets since its acquisition by the company,

the asset shall be treated, in a case falling within paragraph (a) above, as if it had been continuously part of the long term assets from the time of its acquisition by the company to the time of the disposal, or, in a case falling within paragraph (b) above, as if it had been continuously not part of the long term assets from the time of its acquisition by the company to the time of its disposal; and if the disposal is one as respects which subsection (4) above applies, this subsection shall apply as if the relevant exchange (within the meaning of that subsection) had not taken place.

(8) Without prejudice to the preceding subsection, if—

(a) an insurance company to which this section applies disposes of an asset which, since its acquisition by the company, has on one or more occasions (whether after the base date or not) been exchanged for other assets of the company; and

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- (b) as regards that occasion or one or more of those occasions the company was assessed to income tax or corporation tax in an amount computed by reference to the value of the asset at the time of the exchange,

then, in computing for any purpose of the Corporation Tax Acts the profit, gain or loss (if any) arising on the disposal, the asset shall be deemed to have been acquired by the company on the occasion or latest of the occasions mentioned in paragraph (b) above at a cost equal to the value by reference to which the company was so assessed as regards that occasion.

(9) There shall be made such assessments, reductions of assessments or, on a claim in that behalf, repayments of tax as may in any case be required in order to give effect to subsection (4) or (5) above.

1965 c. 25.

(10) In this section, unless the context otherwise requires, "asset" includes part of an asset and any reference to a disposal of part of an asset includes a reference to a part disposal of an asset within the meaning of section 22(2)(b) of the Finance Act 1965; and where a part of an asset is exchanged or disposed of as mentioned in any of subsections (3) to (8) above, that subsection shall have effect as if that part of the asset and the part not exchanged or disposed of were separate assets.

(11) For the purposes of this section—

"the base date", in relation to an insurance company, means the last day of the financial year of the company which ended next after 7th December 1973;

1974 c. 49.

1968 c. 6 (N.I.).

"financial year" has the same meaning as it has for the purposes of the Insurance Companies Act 1974 or, in Northern Ireland, the Insurance Companies Act (Northern Ireland) 1968;

"insurance company" means a company to which Part II of the Insurance Companies Act 1974 or the Insurance Companies Act (Northern Ireland) 1968 applies;

"long term assets", in relation to an insurance company, means assets representing the fund or funds maintained by the company in respect of its long term business;

"long term business" has the meaning given by section 1(2) of the Insurance Companies Act 1974 or, in Northern Ireland, section 72 of the Insurance Companies Act (Northern Ireland) 1968.

1973 c. 58.

(12) In relation to any time before 31st August 1974, and in its application to Northern Ireland on or after that date, subsection (2) above shall have effect as if the reference to section 23(3) of the Insurance Companies Act 1974 were a reference to section 7(3) of the Insurance Companies Amendment Act 1973.

43.—(1) In the case of an oil company, as defined in this section, section 177(1) of the Taxes Act (carrying forward of losses) shall have effect subject to the provisions of this section; and in those provisions “the material time” means the end of the year 1972, and references to losses being set off are references to their being set off under the said section 177(1).

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Oil:
restriction on
carrying
forward of
losses incurred
before the end
of 1972.

(2) Of the losses which the company incurred before the material time in its trade (other than losses excepted by subsection (5) below)—

(a) none shall be capable of being set off against trading income to which this paragraph applies; and

(b) the amount capable of being set off against other trading income arising after that time from the trade shall not exceed whichever of the amounts mentioned in subsection (4) below is the greater.

(3) Subsection (2)(a) above applies to the following trading income, that is to say—

(a) trading income arising after the material time from the separate trade consisting of activities falling within paragraph (a) or (b) of section 13(1) of the Oil Taxation Act 1975 (treatment of oil extraction activities etc. as a separate trade); and

1975 c. 22.

(b) trading income which would fall within the preceding paragraph if in section 13(6) of that Act, so far as it relates to the operation of the said section 13(1), for the references to 11th July 1974 there were substituted references to 31st December 1972.

(4) The amounts referred to in subsection (2)(b) above are—

(a) the total amount of relevant trading income arising in the period beginning with 1st January 1973 and ending with 11th July 1974; and

(b) £50 million;

and in this subsection “relevant trading income” means trading income arising from the trade in which the losses mentioned in subsection (2) above were incurred, exclusive of trading income to which paragraph (a) of that subsection applies.

(5) There shall be excepted from the operation of subsection (2) above any losses which, if section 13(1) of the Oil Taxation Act 1975 had had effect as regards the chargeable period in which they were incurred, would have been treated as incurred in the separate trade consisting of activities falling within paragraph (a) or (b) of the said section 13(1).

(6) For the purposes of this section a company is an oil company if at the material time it carried on a trade the activities of which, at any time within the period of five years ending with the material time, included the acquisition, in

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the circumstances mentioned in paragraph (a) or (b) of subsection (7) below, of crude oil or the acquisition, in the circumstances mentioned in paragraph (c) of that subsection, of oil products, in substantial quantities.

(7) The circumstances referred to in subsection (6) above are that—

- (a) the oil was extracted under rights exercisable by one or more companies associated with the company ; or
- (b) the oil was extracted under rights exercisable by another company and not less than 20 per cent. of that other company's ordinary share capital was owned directly or indirectly by one or more of the following, that is to say, the company and companies associated with it ; or
- (c) the oil products were acquired from one or more companies associated with the company and not resident in the United Kingdom, and the company was, at the time of the acquisition, associated with a company having rights to extract oil or with a company which (without regard to this paragraph) is or would but for subsection (8) below be an oil company.

(8) In relation to a company not resident in the United Kingdom references in this section to activities of a trade carried on by the company are only to activities carried on through a branch or agency in the United Kingdom.

(9) For the purposes of this section—

- (a) two companies are associated with one another if one is under the control of the other or both are under the control of the same person or persons, and "control" has the meaning assigned to it by section 534 of the Taxes Act ; and
- (b) any question whether ordinary share capital is owned by a company directly or indirectly shall be determined as for the purposes of section 532 of the Taxes Act ; and
- (c) rights are exercisable by a company if they are exercisable by that company alone or jointly with another company or companies.

(10) In this section—

"oil" does not include coal or anything won or capable of being won under the authority of a licence granted under either the Petroleum (Production) Act 1934 or the Petroleum (Production) Act (Northern Ireland) 1964 but, subject to that, includes any mineral oil or relative hydrocarbon ;

“oil products” means products which are derived from oil and are wholly or substantially of a hydrocarbon nature;

“crude”, where the reference is to the acquisition of crude oil, refers to its acquisition without having been refined, and for the purposes of this definition refining does not include the subjecting of oil to any process of which the purpose is to enable it to be safely stored, safely loaded into a tanker or safely accepted by an oil refinery.

44.—(1) Section 4 of the Taxes Act (which, in relation to the year 1972-73 and earlier years of assessment, has effect as originally enacted and, in relation to later years of assessment, has effect as amended by paragraph 3 of Schedule 6 to the Finance Act 1971) shall be amended as follows—

Payment of
tax: general.

1971 c. 68.

- (a) in subsection (1) (income tax: general), for the words from “except that” to the end there shall be substituted the words “or at the expiration of a period of thirty days beginning with the date of the issue of the notice of assessment, whichever is the later”;
- (b) in subsection (2) (income tax under Schedule D charged in respect of the profits or gains of any trade, profession or vocation), for the words “on such other date” and the words “on such other day” there shall be substituted the words “at the expiration of such period” and for the words “the assessment is not made until after the said following 1st July” there shall be substituted the words “the date of the issue of the notice of assessment is later than the 1st June following the end of the year of assessment”;
- (c) in subsection (3) as originally enacted (surtax), for the words from “except that” to the end there shall be substituted the words “or at the expiration of a period of thirty days beginning with the date of the issue of the notice of assessment, whichever is the later”;
- (d) in subsection (3) as substituted by paragraph 3 of Schedule 6 to the Finance Act 1971 (income tax charged at a rate other than the basic rate on certain income), for the words “is treated as having been deducted” there shall be substituted the words “from or on which income tax is treated as having been deducted or paid” and for the words from “except that” to the end there shall be substituted the words “or at the expiration of a period of thirty days beginning with the date of the issue of the notice of assessment, whichever is the later”.

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- (2) The following provisions of the Taxes Act, that is to say—
 section 243(4) (corporation tax: general),
 section 244(1) (corporation tax: companies trading before
 financial year 1965), and
 section 344(2) (corporation tax: building societies),

shall each be amended by substituting for the words “one month from the making of the assessment” the words “thirty days from the date of the issue of the notice of assessment”.

(3) In paragraph 9 of Schedule 5 to the Taxes Act (machinery for assessment, charge and payment of income tax under Schedule C and, in certain cases, Schedule D), after the word “Ireland” there shall be inserted the words “within thirty days from the date of the issue of the notice of assessment”.

1965 c. 25. (4) In section 20(6) of the Finance Act 1965 (capital gains tax) for the words “the date of making the assessment” there shall be substituted the words “the date of the issue of the notice of assessment”.

1970 c. 9. (5) In section 29(5) of the Taxes Management Act 1970 (notice of assessment), after the words “shall state” there shall be inserted the words “the date on which it is issued and”.

1971 c. 68. (6) In section 36 of the Finance Act 1971 (construction of references in Income Tax Acts to deduction of tax), after the words “deducted from” there shall be inserted the words “or paid on” and after the words “to deduction” there shall be inserted the words “or payment”.

(7) This section and sections 45 and 46 below shall not have effect in relation to tax charged by assessments notice of which was issued before the passing of this Act.

Payment of
tax pending
appeal.

45.—(1) For section 55 of the Taxes Management Act 1970 (recovery of tax not in dispute) there shall be substituted—

“Recovery
of tax not
postponed.

55.—(1) This section applies to an appeal to the Commissioners against—

(a) an assessment to income tax under Schedule A, Schedule C or Schedule D,

(b) an assessment charging income tax at a rate other than the basic rate on income from which income tax has been deducted (otherwise than under section 204 of the principal Act) or from or on which income tax is treated as having been deducted or paid or income chargeable under Schedule F,

(c) an assessment to income tax made under Schedule 20 to the Finance Act 1972 (income tax on company payments) other

1972 c. 41.

than an assessment charging tax the time for the payment of which is given by paragraph 4(1) or 9 of that Schedule,

- (d) an assessment to capital gains tax,
- (e) an assessment to corporation tax other than an assessment made under Schedule 14 to the Finance Act 1972 (advance corporation tax) charging tax the time for the payment of which is given by paragraph 3(1) or 9 of that Schedule.

(2) If no application is made under subsection (3) below, the tax charged by the assessment shall be due and payable as if it were tax charged by an assessment in respect of which no appeal was pending.

(3) If the appellant has grounds for believing that he is overcharged to tax by the assessment, he may, by notice in writing given to the inspector within thirty days after the date of the issue of the notice of assessment, apply to the Commissioners for a determination of the amount of tax the payment of which should be postponed pending the determination of the appeal.

A notice of application under this subsection shall state the amount in which the appellant believes that he is overcharged to tax and his grounds for that belief.

(4) If, after any determination of the amount of tax the payment of which should be so postponed, there is a change in the circumstances of the case as a result of which either party has grounds for believing that the amount so determined has become excessive or, as the case may be, insufficient, he may, by notice in writing given to the other party at any time before the determination of the appeal, apply to the Commissioners for a further determination of that amount.

A notice of application under this subsection shall state the amount in which the applicant believes that the amount previously determined has become excessive or, as the case may be, insufficient and his grounds for that belief.

(5) An application under subsection (3) or (4) above shall be heard and determined in the same way as the appeal; and where any such application is heard and determined by any Commissioners, that shall not preclude them from hearing and

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determining the appeal or any application or further application under subsection (4) above.

(6) The amount of tax the payment of which shall be postponed pending the determination of the appeal shall be the amount (if any) in which it appears to the Commissioners, having regard to the representations made and any lawful evidence adduced, that there are reasonable grounds for believing that the appellant is overcharged to tax ; and—

(a) in the case of a determination made on an application under subsection (3) above, any tax the payment of which is not so postponed shall be due and payable as if it were tax charged by an assessment notice of which was issued on the date of that determination and in respect of which no appeal was pending ; and

(b) in the case of a determination made on an application under subsection (4) above, any tax the payment of which ceases to be so postponed shall be due and payable as if it were tax charged by an assessment notice of which was issued on the date of that determination and in respect of which no appeal was pending, or any tax overpaid shall be repaid, as the case may require.

(7) If the appellant and the inspector come to an agreement, whether in writing or otherwise, as to the amount of tax the payment of which should be postponed pending the determination of the appeal, the like consequences shall ensue as would have ensued if the Commissioners had made a determination to that effect under subsection (6) above on the date when the agreement was come to, but without prejudice to the making of a further agreement or of a further determination under that subsection.

(8) Where an agreement is not in writing—

(a) subsection (7) above shall not apply unless the fact that an agreement was come to, and the terms agreed, are confirmed by notice in writing given by the inspector to the appellant or by the appellant to the inspector, and

(b) the reference in that subsection to the time when the agreement was come to shall be construed as a reference to the time of the giving of the notice of confirmation.

(9) On the determination of the appeal—

(a) any tax payable in accordance with that determination the payment of which had been postponed, or which had not been charged by the assessment, shall be due and payable as if it were tax charged by an assessment—

(i) notice of which was issued on the date on which the inspector issues to the appellant a notice of the total amount payable in accordance with the determination, and

(ii) in respect of which no appeal was pending, or

(b) any tax overpaid shall be repaid, as the case may require.

(10) In this section ‘inspector’ means the inspector or other officer of the Board by whom the notice of assessment was issued; and references in this section to an agreement being come to with an appellant and the giving of notice to or by an appellant include references to an agreement being come to with, and the giving of notice to or by, a person acting on behalf of the appellant in relation to the appeal.

(11) Section 45(2) above shall not apply to an application under subsection (3) or (4) above; and the transfer of proceedings under this Act from one body of Commissioners to another body of Commissioners shall not affect the validity of a determination under subsection (6) above.”

(2) Section 55 of the said Act of 1970 as substituted by subsection (1) above shall have effect in relation to tax charged for a year or other period of assessment ending before 6th April 1973 as if for subsection (1)(b) and (c) there were substituted—

“ (b) an assessment to surtax,

(c) an assessment to income tax made under Schedule 9 to the principal Act (income tax on company distributions) other than an assessment charging tax the time for the payment of which is given by paragraph 2(3) of that Schedule ”.

(3) Section 56(9) (statement of case for opinion of the High Court) and section 59(6) (election for county court in Northern

PART III Ireland) of the said Act of 1970 shall each be amended by substituting for paragraph (b) of the proviso—

“(b) if too little tax has been charged, the amount undercharged shall be due and payable at the expiration of a period of thirty days beginning with the date on which the inspector issues to the other party a notice of the total amount payable in accordance with the order or judgment of that Court.”

(4) In section 48(2) of the said Act of 1970 (application to appeals and other proceedings), for the words “to the omission of section 56(9) below and to any other necessary modifications” there shall be substituted the words “to any necessary modifications, including (except in the case of applications under section 55 below) the omission of section 56(9) below”.

Interest on
unpaid tax.

46.—(1) For section 86 of the Taxes Management Act 1970 (interest on overdue tax) there shall be substituted—

1970 c. 9.

“Interest on
overdue
tax.

86.—(1) Any tax charged by an assessment to which this section applies shall carry interest at the prescribed rate from the reckonable date until payment.

(2) This section applies to—

- (a) an assessment to income tax under Schedule A, Schedule C, Schedule D or Schedule E,
- (b) an assessment charging income tax at a rate other than the basic rate on income from which income tax has been deducted (otherwise than under section 204 of the principal Act) or from or on which income tax is treated as having been deducted or paid or income chargeable under Schedule F,
- (c) an assessment to capital gains tax,
- (d) an assessment to corporation tax other than an assessment made under Schedule 14 to the Finance Act 1972 (advance corporation tax).

1972 c. 41

(3) In this section “reckonable date” means—

- (a) in relation to any tax the date for the payment of which is given by section 55 above and which, if there had been no appeal, would have become due and payable on an earlier date, that earlier date or the date mentioned in subsection (4) below, whichever is the later, and
- (b) in relation to any tax not falling within paragraph (a) above, the date on which it becomes due and payable.

(4) The date referred to in subsection (3)(a) above is the date on which the tax becomes due and payable or the date given by the following Table, whichever is the earlier.

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TABLE

<i>Description of tax</i>	<i>Date applicable</i>
1. Tax charged by an assessment to income tax under Schedule A or an assessment to income tax under Schedule D other than an assessment made under Part III of Schedule 5 to the principal Act (machinery for assessment, charge and payment of income tax under Schedule C and, in certain cases, Schedule D).	1. The 1st July following the end of the year of assessment.
2. Tax charged by an assessment to income tax under Schedule C or an assessment to income tax under Schedule D made under Part III of Schedule 5 to the principal Act.	2. The last day of the six months following the end of the thirty days mentioned in paragraph 9 of the said Schedule 5.
3. Tax charged by an assessment charging income tax as mentioned in subsection (2)(b) above.	3. The 1st January following the end of the year of assessment.
4. Tax charged by an assessment to capital gains tax.	4. The 1st January following the end of the year of assessment.
5. Tax charged by an assessment to corporation tax other than an assessment made under Schedule 14 to the Finance Act 1972.	5. The last day of the six months following— (a) in a case where section 243(4) of the principal Act 1972 c. 41. applies, the end of the nine months there mentioned;

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Description of tax
5 continued

Date applicable

(b) in a case where section 244(1) of that Act applies, the end of the interval there mentioned from the end of the accounting period to which the assessment relates ; or

(c) in a case where section 344 of that Act applies, the last day on which the tax could have been paid within the time limit imposed by subsection (2)(a) of that section.

(5) Tax charged by an assessment to which this section applies shall carry interest from the reckonable date even if that date is a non-business day within the meaning of section 92 of the Bills of Exchange Act 1882.

(6) Where the amount of interest payable under this section on the tax charged by any assessment does not exceed £10, that interest may, if the Board think fit, be remitted."

(2) Section 86 of the said Act of 1970 as substituted by subsection (1) above shall have effect in relation to tax charged for the year 1972-73 or an earlier year of assessment as if—

(a) for subsection (2)(b) there were substituted—

“(b) an assessment to surtax”, and

(b) in subsection (3)(a) after the word “or” there were inserted the words “(except in the case of surtax)”.

(3) Section 87 of the said Act of 1970 (which, in relation to interest on overdue income tax on company distributions, has effect as originally enacted and, in relation to interest on overdue advance corporation tax and overdue income tax on company payments, has effect as substituted by paragraph 10 of Schedule 24 to the Finance Act 1972) shall be amended as follows—

(a) in subsection (3) as originally enacted, and in subsection (4) as so substituted, for the words “£5” there shall be substituted the words “£10”, and

1882 c. 61.

1972 c. 41.

- (b) at the end of the section there shall be added as subsection (8)—

PART III

“(8) Tax assessable as mentioned in subsection (1) above shall carry interest from the date when it becomes due and payable even if that date is a non-business day within the meaning of section 92 of the Bills of Exchange Act 1882.”

1882 c. 61.

- (4) At the end of section 88 of the said Act of 1970 (interest on tax recovered to make good loss due to taxpayer's fault) there shall be added as subsection (6)—

“(6) Tax charged by an assessment mentioned in subsection (1) above shall carry interest from the date when it ought to have been paid even if that date was a non-business day within the meaning of section 92 of the Bills of Exchange Act 1882.”

- (5) Section 109 of the said Act of 1970 (which, in relation to tax charged in connection with loans and other payments made and shortfalls occurring before 6th April 1973, has effect as originally enacted and, in relation to tax charged in connection with loans made on or after that date, has effect as substituted by paragraph 13 of Schedule 24 to the Finance Act 1972 c. 41. 1972) shall be amended as follows—

- (a) in subsection (4) as originally enacted, for the words “subsection (2) and paragraph (a) of subsection (3)” there shall be substituted the words “subsection (4) and the words ‘or the date mentioned in subsection (4) below, whichever is the later’ in subsection (3)(a)”,

- (b) in subsection (2) as so substituted, for the words “subsections (2) and (3)(a) of the said section 86 were omitted” there shall be substituted the words “the date given by the Table in subsection (4) of the said section 86 were the last day of the three months following the end of the financial year in which the loan or advance was made”, and

- (c) in subsection (3) as so substituted, for the words “year of assessment” there shall be substituted the words “financial year”.

- (6) After paragraph 7(6)(a) of Schedule 16 to the Finance Act 1972 (apportionment of income etc. of close companies) there shall be inserted as paragraph (aa)—

“(aa) shall carry interest as if it were advance corporation tax so payable; and”.

PART III

Repayment
supplement in
respect of
delayed
repayments of
certain taxes
to persons
other than
companies.

1968 c. 44.

47.—(1) Subject to the provisions of this section, where—

- (a) in the case of income tax, surtax or capital gains tax paid by or on behalf of an individual for a year of assessment for which he was resident in the United Kingdom, a repayment thereof of not less than £25 is (after the passing of this Act) made by the Board or an inspector after the end of the twelve months following that year of assessment ; or
- (b) in the case of the special charge under Part IV of the Finance Act 1968, a repayment thereof of not less than £25 is (after the passing of this Act) so made,

the repayment shall be increased under this section by an amount (in this section referred to as a “ repayment supplement ”) equal to interest on the amount repaid at the rate of 9 per cent. per annum for the period (if any) between the relevant time and the end of the tax month in which the order for the repayment is issued.

(2) In relation to so much (if any) of the last-mentioned period as preceded 6th April 1974, subsection (1) above shall have effect as if the rate of interest there specified were 6 per cent. per annum (instead of the rate there specified or any other rate in force by virtue of subsection (7) below).

(3) Subsections (1) and (2) above—

1972 c. 41.

(a) shall, with the necessary modifications, apply to a payment of the whole or part of a tax credit under section 86 of the Finance Act 1972 as they apply to a repayment falling within subsection (1) of income tax paid in the year of assessment to which the tax credit relates ; and

1952 c. 10.

(b) shall apply to a repayment made in consequence of a claim under section 228 of the Income Tax Act 1952 (relief in respect of income accumulated under trusts) as if the repayment were of income tax paid by the claimant for the year of assessment in which the contingency mentioned in that section happened.

(4) For the purposes of subsection (1) above—

- (a) if the repayment is of tax that was paid after the end of the twelve months following the year of assessment for which it was payable, the relevant time is the end of the year of assessment in which that tax was paid ;
- (b) if the repayment is of the special charge, the relevant time, as regards so much of the charge as was paid before the end of the year 1969-70, is the end of that year, and, as regards so much of the charge as was paid in any later year of assessment, is the end of the year of assessment in which it was paid ;

(c) in any other case, the relevant time is the end of the twelve months mentioned in that subsection ;

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and, subject to subsection (6) below, where a repayment to which subsection (1) above applies is of tax paid in two or more years of assessment, the repayment shall as far as possible be treated for the purposes of this subsection as a repayment of tax paid in a later rather than an earlier year among those years.

(5) For the purposes of subsections (1) and (4) above income tax deducted by virtue of regulations made under section 204 of the Taxes Act (pay as you earn) from a person's emoluments during any year of assessment shall (without prejudice to subsection (6) below) be treated as paid by him for that and no other year of assessment.

(6) Where in consequence of an assessment under Schedule E for any year of assessment there is made by the Board or an inspector a repayment of income tax of not less than £25, being an amount which takes account of tax overpaid or remaining unpaid for one or more earlier years of assessment, then—

(a) the repayment shall for the purposes of this subsection be attributable to such of the years in question, and in such proportions, as may be determined in accordance with regulations made under and for the purposes of this subsection by the Board ; and

(b) subsections (1) and (4) above shall have effect in relation to so much of the repayment as is by virtue of paragraph (a) above attributed to any particular year of assessment as if in subsection (1) the words “of not less than £25 ” were omitted.

(7) Without prejudice to subsection (2) above, the Treasury may by order from time to time increase or decrease the rate of interest by reference to which repayment supplements are calculated under subsection (1) above.

(8) A repayment supplement shall not be payable under this section in respect of a repayment or payment made in consequence of an order or judgment of a court having power to allow interest on the repayment or payment, or in respect of a repayment of a post-war credit within the meaning of the Income Tax (Repayment of Post-War Credits) Act 1959.

1959 c. 28.

(9) A repayment supplement paid to any person under this section shall not be income of that person for any tax purposes.

(10) The powers conferred by this section to make regulations or orders shall be exercisable by statutory instrument, and any regulations or order made under this section shall be subject to annulment in pursuance of a resolution of the House of Commons.

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1972 c. 41.

(11) The preceding provisions of this section shall apply in relation to a partnership, or a United Kingdom trust (as defined in section 110(1) of the Finance Act 1972), or, in the case of a United Kingdom estate, the personal representatives of a deceased person as such (within the meaning of section 432(4) of the Taxes Act) as they apply in relation to an individual.

(12) In this section—

“tax month” means the period beginning with the 6th day of any calendar month and ending with the 5th day of the following calendar month;

“United Kingdom estate” has the meaning given by section 432(8) of the Taxes Act.

Repayment
supplement in
respect of
delayed
repayments of
certain taxes
to companies.

48.—(1) This section applies to the following payments made to a company in connection with any accounting period for which the company was resident in the United Kingdom (in this section called “the relevant accounting period”), that is to say—

(a) a repayment of corporation tax paid by the company for that accounting period (including advance corporation tax paid in respect of distributions made by the company in that accounting period and any sum paid in respect of that period on an assessment under paragraph 7(6)(a) of Schedule 16 to the Finance Act 1972); or

(b) a repayment of income tax in respect of a payment received by the company in that accounting period on which the company bore income tax by deduction; or

(c) a payment of the whole or part of the tax credit comprised in any franked investment income received by the company in that accounting period.

(2) Subject to the following provisions of this section, where a payment of not less than £100 to which this section applies is (after the passing of this Act) made by the Board or an inspector after the end of the twelve months beginning with the material date, the payment shall be increased under this section by an amount (in this section referred to as a “repayment supplement”) equal to interest on the amount paid at the rate of 9 per cent. per annum for each complete tax month contained in the period (if any) beginning with the relevant date and ending at the end of the tax month in which the order for the payment is issued.

(3) In relation to any complete tax month beginning before 6th April 1974 which is contained in the last-mentioned period, subsection (2) above shall have effect as if the rate of interest there specified were 6 per cent. per annum (instead of the rate there specified or any other rate in force by virtue of subsection (6) below).

(4) For the purposes of subsection (2) above—

PART III

- (a) if the payment is a repayment of corporation tax that was paid on or after the first anniversary of the material date, the relevant date is the anniversary of the material date that occurs next after the date on which that tax was paid ;
- (b) in any other case, the relevant date is the first anniversary of the material date ;

and where a payment to which this section applies is a repayment of corporation tax paid by a company on different dates, the payment shall as far as possible be treated for the purposes of this subsection as a repayment of tax paid on a later rather than an earlier date among those dates.

(5) For the purposes of this section—

- (a) a repayment of corporation tax made in consequence of a claim by a company under section 85(3) of the Finance Act 1972 to have the whole or any part of an amount of surplus advance corporation tax arising in the case of any accounting period treated as if it were advance corporation tax paid in respect of distributions made by the company in any earlier accounting period shall be treated as a repayment of corporation tax paid for the accounting period in the case of which that amount of surplus advance corporation tax arose ; and
- (b) a repayment of income tax or corporation tax made on a claim under subsection (5) of section 286 of the Taxes Act (loans to participators etc.) shall be treated as if it were a repayment of corporation tax paid for the accounting period in which the repayment of, or of the part in question of, the loan or advance mentioned in that subsection was made.

(6) Without prejudice to subsection (3) above, the Treasury may, by order in a statutory instrument subject to annulment in pursuance of a resolution of the House of Commons, from time to time increase or decrease the rate of interest by reference to which repayment supplements are calculated under subsection (2) above.

(7) A repayment supplement shall not be payable under this section in respect of a payment made in consequence of an order or judgment of a court having power to allow interest on the payment.

(8) A repayment supplement paid under this section shall be disregarded for all the purposes of corporation tax and income tax.

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(9) In this section—

“tax month” has the meaning given by section 47(12) of this Act;

“the material date” in relation to a payment to which this section applies, means the last date on which corporation tax on any of the profits of the company in question arising in the relevant accounting period could have been paid—

(a) in a case where section 243(4) of the Taxes Act applies, within the nine months there mentioned;

(b) in a case where section 244(1) of that Act (companies trading before financial year 1965) applies, within the interval there mentioned from the end of the relevant accounting period; or

(c) in a case where section 344 of that Act (special provision for building societies) applies, within the time limit imposed by subsection (2)(a) of that section.

Expenditure
on safety at
sports grounds.

49.—(1) If a person carrying on a trade has on or after the relevant date incurred expenditure in taking, in respect of any sports stadium used by him for the purposes of the trade—

(a) steps necessary for compliance with the terms and conditions of a safety certificate issued for the stadium; or

(b) steps specified in a letter or other document sent or given to him by or on behalf of the local authority for the area in which the stadium is situated as steps the taking of which would be taken into account by them in deciding what terms and conditions to include in a safety certificate to be issued for the stadium or lead to the amendment or replacement of a safety certificate issued or to be issued for it,

then, if an allowance or deduction in respect of the expenditure could not, apart from this section, be made in taxing the trade or computing the profits or gains arising from it, Chapter I of Part III of the Finance Act 1971 shall apply as if the expenditure were capital expenditure incurred on the provision of machinery or plant for the purposes of the trade, and as if the machinery or plant had, in consequence of his incurring the expenditure, belonged to him and had been in use for the purposes of the trade, and as if the disposal value of the machinery or plant were nil.

1971 c. 68.

1975 c. 52.

(2) In this section “sports stadium”, “safety certificate” and “local authority” have the same meaning as in the Safety of Sports Grounds Act 1975, and “the relevant date”, in relation to any sports stadium, means the date on which a designation order under section 1 of that Act comes into operation in respect of that stadium.

(3) This section shall be construed as if contained in Chapter I of Part III of the Finance Act 1971 and shall be deemed to have come into force on the passing of the Safety of Sports Grounds Act 1975.

50.—(1) Section 26 of the Finance Act 1973 (transactions in certificates of deposit) shall have effect, and shall be deemed always to have had effect, as if at the end of subsection (1) there were added the following paragraph:—

“ This subsection does not apply to—

- (a) any profits or gains arising to a fund or scheme in the case of which provision is made by section 208, 211, 212, 213, 214, 216 or 226 of the Taxes Act or section 21(2) of the Finance Act 1970 for exempting the whole or part of its income from income tax, or
- (b) in so far as they are applied to charitable purposes only, any profits or gains arising to a charity within the meaning of section 360 of the Taxes Act.”

(2) All such adjustments shall be made, whether by repayment of tax, assessment or otherwise, as may be required in consequence of subsection (1) above.

51.—(1) In section 338 of the Taxes Act (exemption of income and gains of certain trade unions if applied for purpose of provident benefits), for the reference to £500 (maximum assurable by way of gross sum) there shall be substituted a reference to £1,000, and for the references to £104 a year (maximum assurable by way of annuity) there shall be substituted references to £208 a year.

(2) This section shall have effect in relation to income or gains which are applied as mentioned in subsection (1) of the said section 338 after 15th April 1975.

52.—(1) In section 332 of the Taxes Act (exemption of income and gains of registered friendly societies other than profits arising from life or endowment business consisting of the assurance of gross sums exceeding £500 or of the granting of annuities of annual amounts exceeding £104), after subsection (3) there shall be added the following subsections—

“ (4) A registered friendly society is within this subsection if its rules make no provision for it to carry on life or endowment business consisting of the assurance of gross sums exceeding £1,000 or of the granting of annuities of annual amounts exceeding £208.

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(5) In the case of a registered friendly society within subsection (4) above—

(a) subsections (2) and (3) above shall have effect with the substitution of references to £1,000 and £208 respectively for the references to £500 and £104; and

(b) references in this Chapter to tax exempt life or endowment business shall be construed accordingly.

(6) Where at any time a registered friendly society within subsection (4) above amends its rules so as to cease to be within that subsection, any part of its life or endowment business consisting of business which—

(a) relates to contracts made before that time; and

(b) immediately before that time was tax exempt life or endowment business,

shall thereafter continue to be tax exempt life or endowment business for the purposes of this Chapter.

(7) Where at any time a registered friendly society not within subsection (4) above amends its rules so as to bring itself within that subsection, any part of its life or endowment business consisting of business which—

(a) relates to contracts made before that time; and

(b) immediately before that time was not tax exempt life or endowment business.

shall thereafter continue not to be tax exempt life or endowment business for the purposes of this Chapter.

(8) Where at any time a registered friendly society not within subsection (4) above acquires by way of transfer of engagements or amalgamation from another registered friendly society any life or endowment business consisting of business which—

(a) relates to contracts made before that time; and

(b) immediately before that time was tax exempt life or endowment business,

that business shall thereafter continue to be tax exempt life or endowment business for the purposes of this Chapter.

(9) Where at any time a registered friendly society within subsection (4) above acquires by way of transfer of engagements or amalgamation from another registered friendly society any life or endowment business consisting of business which—

(a) relates to contracts made before that time; and

(b) immediately before that time was not tax exempt life or endowment business,

that business shall thereafter continue not to be tax exempt life or endowment business for the purposes of this Chapter."

(2) In section 337(3) of the Taxes Act, in the definition of "tax exempt life or endowment business"—

(a) after the word "has" there shall be inserted the words "
", subject to section 332(6) to (9) above,";

(b) after the word "means" there shall be inserted the words "
", subject as aforesaid,"; and

(c) at the end there shall be added the words "(read, where appropriate, with subsection (5) of that section)".

(3) The preceding provisions of this section shall have effect as regards any year of account of a registered friendly society or branch ending after the passing of this Act (including the whole of any such year of account that ends with 31st December 1975).

(4) The Friendly Societies Act 1974 and the Friendly Societies Act (Northern Ireland) 1970 shall have effect subject to the amendments specified in Schedule 9 to this Act, being amendments arising out of the preceding provisions of this section. 1974 c. 46.
1970 c. 31.
(N.I.)

53. If an employers' association entered in the list of employers' associations maintained under the Trade Union and Labour Relations Act 1974 was on 30th September 1971 a registered trade union for the purposes of section 338 of the Taxes Act (exemption for trade unions), it shall be treated for the purposes of that section as having remained a registered trade union until the passing of this Act, and as thereafter remaining one so long as it remains entered in that list. Employers' associations.
1974 c. 52

54. Schedule 10 to this Act shall have effect for affording relief in respect of increases in the value of trading stock and work in progress in the periods there mentioned. Relief for increase in value of trading stock and work in progress.

55.—(1) This section has effect in relation to the disposal of an asset where— Relief from tax on chargeable gains in respect of agricultural property etc.
1965 c. 25.

(a) the disposal is one to which section 22(4) of the Finance Act 1965 (gifts etc.) applies or which is deemed to take place by virtue of section 25(3) or (4) of that Act (settled property); and

(b) a reduction in respect of the asset either—

(i) is made under Schedule 8 to the Finance Act 1975 c. 7.
1975 (capital transfer tax relief for agricultural

PART III

property and shares and debentures of companies owning agricultural property) in relation to a chargeable transfer taking place on the occasion of the disposal ; or

(ii) would be so made if there were a chargeable transfer on that occasion and a claim were duly made under that Schedule ; and

- (c) a claim for relief under this section is made within two years of the end of the year of assessment (or, in the case of a company, accounting period) in which the disposal is made or such longer time as the Board may allow.

1965 c. 25.

(2) For the purposes of Part III of the said Act of 1965 (capital gains)—

(a) the consideration for the disposal of the asset shall, if apart from this section a gain would accrue on the disposal, be determined as if the market value of the asset were reduced by the amount mentioned in subsection (5)(a) or (b) below, whichever is the smaller ; and

(b) the consideration for the acquisition of the asset on the disposal shall be determined as if its market value were reduced by the amount mentioned in subsection (6) below.

(3) Subsection (2) above does not affect the computation of development gains ; and any gain computed in accordance with that subsection shall be a chargeable gain only to the extent, if any, to which it exceeds any development gain accruing on the disposal in question.

(4) Subsection (2) above does not affect the computation of development losses except that, where paragraph (b) of that subsection applies to the computation of the chargeable gain or allowable loss accruing on a disposal, no development loss shall accrue on the disposal unless there is an allowable loss as so computed and, if there is such an allowable loss, the amount of the development loss shall not exceed the amount of that allowable loss.

(5) The amounts referred to in subsection (2)(a) above are—

(a) an amount equal to the fraction of the market value of the asset of which—

(i) the numerator is the amount of the reduction in respect of the asset that is or would be made under Schedule 8 to the said Act of 1975 ; and

(ii) the denominator is the value of the asset as it is or would be taken into account in relation to the chargeable transfer in question before any reduction under that Schedule ;

(b) the amount by which the market value of the asset exceeds the aggregate of—

(i) the sums allowable in relation to the disposal under paragraph 4 of Schedule 6 to the said Act of 1965 (acquisition cost etc.); and

(ii) the amount of any development gain accruing on the disposal;

and the sums mentioned in paragraph (b)(i) above shall be determined without any reduction under section 33(1)(b) or (2)(b) of the said Act of 1965 or paragraph 18(4) of Schedule 3 to the Finance Act 1974 (replacement of business assets). 1974 c. 30.

(6) The amount referred to in subsection (2)(b) above is the difference between—

(a) the gains chargeable on the disposal (whether as chargeable gains, development gains or partly one and partly the other); and

(b) the gains that would have been so chargeable if this section had not been enacted.

(7) Any claim under this section shall be made—

(a) in the case of a disposal to which the said section 22(4) applies, by the person making the disposal and the person to whom it is made; and

(b) in any other case, by the person making the disposal;

and where a claim is made by virtue of subsection (1)(b)(ii) above, then, if and so far as the question in dispute on an appeal against the decision on the claim relates to the matters mentioned in subsection (5)(a) above, the appeal shall be to the Commissioners and Courts mentioned in paragraph 7(2) to (5) of Schedule 4 to the Finance Act 1975 (capital transfer tax appeals) as in the case of an appeal under that paragraph. 1975 c. 7.

(8) This section applies to disposals after 26th March 1974.

56.—(1) Subsection (2) below shall have effect in respect of the disposal of an asset which is property to which section 34 of the Finance Act 1975 (historic houses etc.) applies or might apply, being—

(a) a disposal by way of gift, including a gift in settlement; or

(b) a disposal of settled property by the trustee on an occasion when, under section 25(3) or (4) of the Finance Act 1965, the trustee is deemed to dispose of and immediately re-acquire, settled property, 1965 c. 25.

if an undertaking in the terms of subsection (2) of the said section 34 (maintenance, preservation and public access) is given by such person as the Treasury think appropriate in the circumstances of the case.

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(2) The person making a disposal to which subsection (1) above applies and the person acquiring the property on that disposal shall be treated for all the purposes of Part III of the said Act of 1965 (capital gains) as if the property was acquired from the one making the disposal for a consideration of such amount as would secure that on the disposal neither a gain nor a loss would accrue to the one making the disposal.

(3) If—

- (a) there is a sale of the asset and capital transfer tax is chargeable under subsection (4) of the said section 34 (non-exempt disposals) or would be chargeable if an undertaking under subsection (2) of that section as well as under subsection (1) above had been given ; or
- (b) the Treasury are satisfied that at any time during the period for which an undertaking under either enactment was given it has not been observed in a material respect, the person selling the asset or, as the case may be, the owner of the asset shall be treated for the purposes of Part III of the said Act of 1965 as having sold the asset for a consideration equal to its market value, and in the case of a failure to comply with the undertaking, as having immediately re-acquired it for a consideration equal to its market value.

(4) The period for which an undertaking under subsection (1) above is given shall be until the person entitled to the asset dies or it is disposed of, whether by sale or gift or otherwise ; and if the asset subject to the undertaking is disposed of—

(a) otherwise than on sale ; and

(b) without a further undertaking being given under that subsection,

subsection (3) above shall apply as if the asset had been then sold to an individual.

(5) Where under subsection (3) above a person is treated as having sold any asset for a consideration equal to its market value he shall also be treated as having sold, and immediately re-acquired, any asset associated with it for a consideration equal to its market value ; but the Treasury may direct that this subsection shall not have effect in any case in which it appears to them that the entity consisting of the asset and any assets associated with it has not been materially affected.

(6) A gain shall not be a chargeable gain if it accrues on the disposal of any asset with respect to which an undertaking has been given under subsection (1) above or subsection (2) of the said section 34 and the disposal is such as is referred to in subsection (6)(a) of that section (disposal to national institution) or is a disposal to the Board under paragraph 17 of Schedule 4 to the said Act of 1975 (acceptance of property in satisfaction of tax).

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(7) References in subsection (4) above to a disposal shall be construed without regard to any provision of Part III of the said Act of 1965 under which an asset is deemed to be disposed of; and for the purposes of subsection (5) above two or more assets are associated with each other if one of them is a building falling within subsection (1)(b) of the said section 34 and the other or others such land or objects as, in relation to that building, fall within subsection (1)(c) or (d) of that section.

(8) In paragraph 13 of Schedule 12 to the Finance Act 1971 (death of person entitled to interest in settled property) and section 119(2) of the Finance Act 1972 (gifts to charities etc.) references to section 31(3) of the Finance Act 1965 shall include references to subsection (1) above.

(9) This section applies to disposals after 12th March 1975.

57.—(1) In sub-paragraph (2) of paragraph 4 of Schedule 10 to the Finance Act 1965 (assets on disposal of which capital gains tax may be paid by instalments) after paragraph (a) there shall be inserted—

Postponement
of payment of
tax on
chargeable
gains.

“(aa) any shares or securities of a company which, immediately before the disposal, gave control of the company to the person by whom the disposal was made or deemed to be made;”

and in paragraph (b) after the words “any shares or securities of a company” there shall be inserted the words “not falling under paragraph (aa) above and”.

(2) Subject to the following provisions of this section, where capital gains tax is payable—

(a) by instalments under the said paragraph 4; and

(b) in respect of the disposal of assets falling within sub-paragraph (2)(aa), (b) or (c) of that paragraph,

the tax shall, for the purpose of any interest to be added to each instalment, be treated as carrying interest from the date at which the instalment is payable.

(3) Subsection (2) above does not apply to tax payable in respect of the disposal of shares or securities of a company falling within paragraph (a) of subsection (4) below unless it also falls within paragraph (b) or (c) of that subsection.

(4) The companies referred to in subsection (3) above are—

(a) any company whose business consists wholly or mainly of one or more of the following, that is to say, dealing in shares or securities, land or buildings, or making or holding investments;

PART III

1948 c. 38.

(b) any company whose business consists wholly or mainly in being a holding company (within the meaning of section 154 of the Companies Act 1948) of one or more companies not falling within paragraph (a) above ; and

(c) any company whose business is that of a jobber (as defined in section 477 of the Taxes Act) or discount house and is carried on in the United Kingdom.

(5) Subsection (2) above applies only to the extent to which—

(a) the market value of the assets in respect of the disposal of which the tax concerned is payable, plus

(b) the market value of any assets which the same person has or is deemed to have previously disposed of and in respect of the disposal of which the tax also fell within that subsection,

does not exceed £250,000.

1974 c. 30.

(6) In paragraph 2 of Schedule 10 to the Finance Act 1974 (application of the said paragraph 4 to development gains) after the words “ paragraph 4 of Schedule 10 to that Act ” there shall be inserted the words “ and section 57 of the Finance (No. 2) Act 1975 ”.

(7) This section applies to disposals after 26th March 1974.

Disposal of
shares and
securities
within
prescribed
period of
acquisition.

58.—(1) For the purposes of corporation tax on chargeable gains, shares disposed of by a company shall be identified in accordance with the following provisions where—

(a) the number of shares of that kind held by the company at any time during the prescribed period before the disposal amounted to not less than 2 per cent. of the number of issued shares of that kind ; and

(b) shares of that kind have been or are acquired by the company within the prescribed period before or after the disposal.

(2) Where a company is a member of a group, shares held or acquired by another member of the group shall be treated for the purposes of paragraphs (a) and (b) of subsection (1) above as held or acquired by that company and for the purposes of paragraph (b) any shares acquired by that company from another company which was a member of the group throughout the prescribed period before and after the disposal shall be disregarded.

(3) References in subsection (1) above to a company's disposing, holding and acquiring shares are references to its doing so in the same capacity ; and references in that subsection to the holding or acquisition of shares do not include references to the holding or acquisition of shares as trading stock.

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(4) The shares disposed of shall be identified—

- (a) with shares acquired as mentioned in subsection (1)(b) above (in this section referred to as “available shares”) rather than other shares ; and
- (b) with available shares acquired by the company making the disposal rather than other available shares.

(5) The shares disposed of shall be identified with available shares acquired before the disposal rather than available shares acquired after the disposal and—

- (a) in the case of available shares acquired before the disposal, with those acquired later rather than those acquired earlier ;
- (b) in the case of available shares acquired after the disposal, with those acquired earlier rather than those acquired later.

(6) Where available shares could be identified—

- (a) with shares disposed of either by the company that acquired them or by another company ; or
- (b) with shares disposed of either at an earlier date or at a later date,

they shall in each case be identified with the former rather than the latter ; and the identification of any available shares with shares disposed of by a company on any occasion shall preclude their identification with shares comprised in a later disposal by that company or in a disposal by another company.

(7) Where a company disposes of shares which have been identified with shares disposed of by another company, the shares disposed of by the first-mentioned company shall be identified with the shares that would, apart from this section, have been comprised in the disposal by the other company or, if those shares have themselves been identified with shares disposed of by a third company, with the shares that would, apart from this section, have been comprised in the disposal by the third company and so on.

(8) Where shares disposed of by one company are identified with shares acquired by another, the sums allowable to the company making the disposal under paragraph 4 of Schedule 6 to the Finance Act 1965 shall be—

1965 c. 25.

- (a) the sums allowable under sub-paragraph (1)(c) of that paragraph (incidental costs of disposal) ; and
- (b) the sums that would have been allowable under sub-paragraph (1)(a) and (b) of that paragraph (acquisition cost etc.) to the company that acquired the shares if they had been disposed of by that company.

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1971 c. 68.

(9) This section shall have effect subject to sub-paragraph (1) of paragraph 6 of Schedule 10 to the Finance Act 1971 (identification of shares acquired and disposed of on same day); and sub-paragraph (2) of that paragraph (identification of shares not identified under sub-paragraph (1)) shall have effect subject to this section.

(10) In this section—

“group” has the meaning given in section 272 of the Taxes Act;

“the prescribed period” means—

(a) in the case of a disposal through a stock exchange or Automated Real-Time Investments Exchange Limited, one month;

(b) in the case of a disposal otherwise than as aforesaid, six months;

“trading stock”, in relation to a company carrying on life assurance business as defined in section 323 of the Taxes Act, does not include investments held in connection with that business except in so far as they are referable to general annuity business or pension business as defined in that section.

(11) Shares shall not be treated for the purpose of this section as being of the same kind unless they are treated as being of the same class by the practice of a recognised stock exchange or would be so treated if dealt with on such a stock exchange.

1965 c. 25.

1969 c. 32.

(12) This section applies to securities as defined in paragraph 5 of Schedule 7 to the Finance Act 1965 (other than specified securities within the meaning of section 41 of the Finance Act 1969) as it applies to shares.

(13) This section applies where the acquisition and disposal mentioned in subsection (1) above are after 14th April 1975.

Losses on disposals of gilt-edged securities replaced within prescribed period.

59.—(1) Where a person who holds gilt-edged securities (the “original holding”) acquires securities of the same kind (an “additional holding”) and within the prescribed period after the acquisition disposes of securities of that kind, he shall be treated for the purposes of sub-paragraph (1) of paragraph 9 of Schedule 10 to the Finance Act 1971 (re-acquisition of gilt-edged securities after sale at a loss) as if he had within the prescribed period after the disposal re-acquired the securities disposed of or such quantity of them as does not exceed the original holding or the additional holding, whichever is the less.

(2) Sub-paragraph (2)(a), (b) and (c) of the said paragraph 9 (identification of securities disposed of with securities re-acquired) shall have effect in relation to the acquisition of the additional holding as if it were a re-acquisition of the securities disposed of.

(3) Sub-paragraph (3) of the said paragraph 9 (husband and wife) shall have effect as if the foregoing provisions of this section were included in that paragraph and the acquisition of the additional holding were an acquisition after the disposal.

(4) In the case of companies in the same group the provisions of the said paragraph 9 and of subsections (1) and (2) above shall, with the necessary modifications, apply also where a loss on the disposal accrues to one of them and the acquisition is made by the other.

(5) In the said paragraph 9 and this section references to the acquisition of securities shall not include references to acquisition as trading stock or, in the case of a company which is a member of a group, from another company which is a member of that group throughout the prescribed period before and after the disposal.

(6) In this section—

“group” has the meaning given in section 272 of the Taxes Act;

“the prescribed period” means—

(a) in the case of an acquisition through a stock exchange, one month;

(b) in the case of an acquisition otherwise than as aforesaid, six months;

“trading stock”, in relation to a company carrying on life assurance business as defined in section 323 of the Taxes Act, does not include investments held in connection with that business except in so far as they are referable to general annuity business or pension business as defined in that section;

and references to a person's holding, acquiring and disposing of securities are references to his doing so in the same capacity.

(7) This section applies to disposals after 15th April 1975.

60.—(1) A loss on the disposal of an asset shall not be an allowable loss to the extent to which it is attributable to value having passed out of other assets, being shares in or rights over a company which by virtue of the passing of value are treated as disposed of under paragraph 15(2) of Schedule 7 to the Finance Act 1965 (deemed disposal where person in control of company transfers value between different shares or rights). Disallowance of losses on certain disposals.

(2) This section applies to a loss on a disposal on or after 17th June 1975.

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Disposal of
rights of
insured under
insurance
policy.

1965 c. 25.

61.—(1) For paragraph 10(1) of Schedule 7 to the Finance Act 1965 (policies of insurance) there shall be substituted—

“(1) The rights of the insurer under any policy of insurance shall not constitute an asset on the disposal of which a gain may accrue, whether the risks insured relate to property or not; and the rights of the insured under any policy of insurance of the risk of any kind of damage to, or the loss or depreciation of, assets shall constitute an asset on the disposal of which a gain may accrue only to the extent that those rights relate to assets on the disposal of which a gain may accrue or might have accrued.”

(2) Subsection (1) above shall be deemed to have come into force on 20th December 1974 but shall not apply in the case of a disposal made before that date.

Capital gains
on certain
stock
dividends.

62.—(1) Where a company issues any share capital to which section 34 of this Act applies in respect of shares in the company held by a person as trustee, and another person is at the time of the issue absolutely entitled thereto as against the trustee or would be so entitled but for being an infant or other person under disability (or two or more other persons are or would be jointly so entitled thereto), then—

- (a) notwithstanding sub-paragraph (1)(a)(i) of paragraph 4 of Schedule 7 to the Finance Act 1965 (reorganisation of share capital etc.), the case shall not constitute a reorganisation of the company's share capital for the purposes of that paragraph; and
- (b) notwithstanding section 22(4)(a) of that Act, the person who is or would be so entitled to the share capital (or each of the persons who are or would be jointly so entitled thereto) shall be treated for the purposes of paragraph 4(1)(a) of Schedule 6 to the Finance Act 1965 (expenditure allowable in the computation of gains under that Schedule) as having acquired that share capital, or his interest in it, for a consideration equal to the appropriate amount in cash within the meaning of paragraph 1 of Schedule 8 to this Act.

(2) This section shall be deemed to have come into force on 6th April 1975.

Disposals of
shares in unit
trusts,
investment
trusts and
funds in court.
1972 c. 41.
1974 c. 30.

63. In relation to gains accruing on disposals after 5th April 1975 section 112 of the Finance Act 1972 (reduction of tax liability on certain disposals of shares in unit trusts, investment trusts and funds in court) shall have effect as if for the references in paragraphs (b) and (c) of subsection (3) to $16\frac{1}{2}$ per cent. (which were substituted by section 32 of the Finance Act 1974) there were substituted references to $17\frac{1}{2}$ per cent.

64. Section 113 of the Finance Act 1972 shall have effect for the year 1975-76 and subsequent years of assessment as if the rate specified in it were $17\frac{1}{2}$ per cent. instead of $16\frac{1}{2}$ per cent. (the rate substituted by section 33 of the Finance Act 1974).

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Reduced rate of capital gains tax for certain unit trusts and for funds in court

1972 c. 41.

1974 c. 30.

65. The Agreement set out in Schedule 11 to this Act, that is to say, the agreement made on 3rd June 1975 between the Governments of the United Kingdom and of the Republic of Ireland relating to the Agreement set out in Schedule 17 to the Finance Act 1973 is hereby confirmed and, subject to the necessary steps being taken to give it the force of law in the Republic of Ireland, shall have effect accordingly.

Double taxation agreement with Republic of Ireland.

1973 c. 51.

66.—(1) Schedule 3 to the Taxes Management Act 1970 (rules for assigning proceedings to Commissioners) shall be amended as follows.

Assignment of proceedings to Commissioners.

1970 c. 9.

(2) For rule 5 there shall be substituted—

“ 5. An appeal against an assessment under Schedule A or under Schedule D, other than Cases I and II.

An appeal against an assessment charging income tax at a rate other than the basic rate on income from which income tax has been deducted (otherwise than under section 204 of the principal Act) or from or on which income tax is treated as having been deducted or paid or income chargeable under Schedule F.

An appeal against an assessment to capital gains tax.

Proceedings for a penalty under section 100(4) of this Act.

If the appellant or other party to the proceedings (not being an inspector or the Board) is carrying on a trade, profession or vocation, then, subject (in the case of an appeal) to the right of election for place of residence, the place in which the trade, profession or vocation is carried on, or in which the head office or principal place of business is situated.

If the appellant or other party is employed and does not carry on a trade, profession or vocation, then, subject (in the case of an appeal) to the right of election for place of residence, the place of employment.

In any other case, the place where the appellant or other party ordinarily resides.”

(3) Rule 6 and the paragraph beginning “Where under rules 3 and 5” shall each be amended by substituting for the words “resided in the year of assessment to which the proceedings relate” the word “resides”.

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(4) After the said paragraph beginning “Where under rules 3 and 5” there shall be inserted—

“If the place given by any of the rules in this Schedule is outside the United Kingdom, the Board may give directions, which may be either general or addressed to a particular occasion, to meet the case.”

Appeals.
1970 c. 9.

67.—(1) For the removal of doubt it is hereby declared that in section 31(1) of the Taxes Management Act 1970 (right of appeal) the reference to the date of the notice of assessment is a reference to the date on which the notice was issued.

(2) Section 50 of that Act (procedure on appeal) shall have effect, and be deemed always to have had effect, as if after subsection (7) there were added as subsection (8)—

“(8) Where, on an appeal against an assessment which—

(a) assesses an amount which is chargeable to tax, and

(b) charges tax on the amount assessed,

it appears to the Commissioners as mentioned in subsection (6) or (7) above, they may, unless the circumstances of the case otherwise require, reduce or, as the case may be, increase only the amount assessed; and where any appeal is so determined the tax charged by the assessment shall be taken to have been reduced or increased accordingly.”

(3) Nothing in subsection (2) above shall affect the judgment of any court given in proceedings which were commenced before 29th April 1975.

CHAPTER II

SUB-CONTRACTORS IN THE CONSTRUCTION INDUSTRY

Introductory.

1971 c. 68.

68.—(1) Subject to subsection (2) below, on such date as the Treasury may by order made by statutory instrument appoint (in this Chapter referred to as the appointed day) Chapter II of Part II of the Finance Act 1971 (sub-contractors in construction industry) and all certificates having effect under section 30 thereof shall cease to have effect except in relation to sums payable under section 29 thereof before that date, and on and after the appointed day the provisions of this Chapter other than this section shall (subject to that exception) have effect instead of that Chapter.

(2) The said provisions shall have effect before the appointed day for the purpose of enabling applications to be made and certificates issued under section 70 of this Act and—

(a) after the passing of this Act—

(i) no applications for the issue of a certificate under the said section 30 shall be made; and

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(ii) no certificate under that section shall be issued except on an application before the appointed day for the renewal of such a certificate or in pursuance of paragraph (b) below ;

(b) on an application before that day under subsection (2) of section 70 of this Act for a certificate under that section, a certificate under the said section 30 may be issued in addition to the certificate under the said section 70 ; but

(c) all certificates under the said section 30 issued by virtue of paragraph (a)(ii) above or in pursuance of paragraph (b) above shall (like all other certificates having effect under that section) cease to have effect on the appointed day ; and

(d) no certificate under section 70 of this Act shall come into force until the appointed day.

69.—(1) Where a contract relating to construction operations is not a contract of employment, but—

(a) one party to the contract is a sub-contractor (as defined in subsection (2) below) ; and

(b) another party to the contract (in this section referred to as “the contractor”) either is a sub-contractor under another such contract relating to all or any of the construction operations or is a person to whom this paragraph applies,

Deductions on account of tax etc. from payments to certain sub-contractors in construction industry.

this section shall apply to any payments which on or after the appointed day are made under the contract and are so made by the contractor to—

(i) the sub-contractor ;

(ii) a person nominated by the sub-contractor or the contractor ; or

(iii) a person nominated by a person who is a sub-contractor under another such contract relating to all or any of the construction operations,

unless the person to whom the payments are made or, if the payments are made to a nominee, each of the following persons, that is to say, the nominee, the person who nominated him and the person for whose labour (or, where that person is a company, for whose employees’ or officers’ labour) the payment is made, is excepted from this section in relation to those payments by virtue of section 70 of this Act.

(2) A party to a contract relating to construction operations is a sub-contractor if, under the contract,—

(a) he is under a duty to the contractor to carry out the operations, or to furnish his own labour (that is to

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say, in the case of a company, the labour of employees or officers of the company) or the labour of others in the carrying out of the operations or to arrange for the labour of others to be furnished in the carrying out of the operations ; or

- (b) he is answerable to the contractor for the carrying out of the operations by others, whether under a contract or under other arrangements made or to be made by him.

(3) Paragraph (b) of subsection (1) above applies to the following persons, that is to say,—

- (a) any person carrying on a business which includes construction operations ;
- (b) any local authority ;
- (c) any development corporation or new town commission ;
- (d) the Commission for the New Towns ;
- (e) the Housing Corporation, a housing association, a housing trust, a housing society, the Scottish Special Housing Association, the Northern Ireland Housing Trust and the Northern Ireland Housing Executive.

(4) On making a payment to which this section applies the contractor shall deduct from it a sum equal to 35 per cent. of so much of the payment as is not shown to represent the direct cost to any other person of materials used or to be used in carrying out the construction operations to which the contract under which the payment is made relates ; and the sum so deducted shall be paid to the Board and shall be treated for the purposes of income tax or, as the case may be, corporation tax—

- (a) as not diminishing the payment ; but
- (b) subject to subsection (5) below, as being income tax or, as the case may be, corporation tax paid in respect of the profits or gains of the trade, profession or vocation of the person for whose (or for whose employees' or officers') labour the contractor makes the payment.

(5) Where a sum deducted and paid to the Board under subsection (4) above is more than sufficient to discharge the liability to income tax of the person referred to in paragraph (b) of that subsection in respect of the profits or gains mentioned in that paragraph, so much of the excess as is required to discharge any liability of that person for Class 4 contributions shall be treated as being, for the purposes of the Social Security Act, Class 4 contributions paid in respect of the profits or gains so mentioned.

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(6) The Board shall make regulations with respect to the collection and recovery, whether by assessment or otherwise, of sums required to be deducted from any payments under this section and for the giving of receipts by persons receiving the payments to persons making them; and those regulations may include any matters with respect to which regulations may be made under section 204 (pay as you earn) of the Taxes Act.

(7) References in the preferential payments provisions to sums due on account of tax deductions for any period shall be construed as including references to any amounts due from any person in respect of deductions required to be made by him under this section.

(8) In section 98 of the Taxes Management Act 1970 (penalty for failure to furnish information, etc.) the following shall be added in the second column of the Table:—

“Regulations under section 69 of the Finance (No. 2) Act 1975”.

(9) Regulations under this section shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.

(10) In this section “Class 4 contributions” means Class 4 contributions within the meaning of the Social Security Act 1975 c. 14, 1975 or, as the case may be, the Social Security (Northern Ireland) Act 1975; and “the Social Security Act” means whichever of those Acts is the one under which the contribution in question is payable.

70.—(1) A person is excepted from section 69 of this Act in relation to payments made under a contract if a certificate under this section has been issued to that person and is in force when the payment is made, but—

Exceptions from section 69.

- (a) where the certificate has been issued to a person who becomes a partner in a firm, that person is not excepted in relation to payments made under contracts under which the firm or, where a person has nominated the firm to receive payments, the person who has nominated the firm, is a sub-contractor (as defined in section 69(2) of this Act); and
- (b) where a certificate has been issued to a person as a partner in a firm, that person is excepted in relation only to payments made under contracts under which the firm or, where a person has nominated the firm to receive payments, the person who has nominated the firm, is a sub-contractor (as so defined).

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(2) If the Board are satisfied, on the application of an individual or a company, that—

- (a) where the application is for the issue of a certificate to an individual (otherwise than as a partner in a firm), he satisfies the conditions set out in Part I of Schedule 12 to this Act ;
- (b) where the application is for the issue of a certificate to a person as a partner in a firm, that person satisfies the conditions set out in Part II of that Schedule if he is an individual or, if a company, the conditions set out in Part IV of that Schedule and, in either case, the firm itself satisfies the conditions set out in Part III of that Schedule ;
- (c) where the application is for the issue of a certificate to a company, the company satisfies the conditions set out in Part IV of that Schedule and, if the Board have given a direction under subsection (4) below, each of the persons to whom any of the conditions set out in Part I of that Schedule applies by virtue of the direction satisfies the conditions which so apply to him,

the Board shall issue to that individual or company a certificate excepting that individual or company (or, in a case falling within paragraph (b) above, that individual or company as a partner in the firm specified in the certificate) from section 69 of this Act.

(3) References in paragraphs (a), (b) and (c) of subsection (2) above to an individual, a company or a firm satisfying conditions set out in any Part of Schedule 12 to this Act include, in relation to a condition which may, by virtue of a provision in that Part, be treated as being satisfied, references to that individual, company or firm being treated as satisfying that condition.

(4) Where it appears to the Board, on an application made under subsection (2) above by a company, that the company—

- (a) was incorporated on a date within the period of three years ending with the date of the application ; or
- (b) has not carried on business continuously throughout that period ; or
- (c) has carried on business continuously throughout that period but the business has not at all times in that period consisted of or included the carrying out of construction operations ; or
- (d) does not at the date of the application hold a certificate which is then in force under this section ;

the Board may direct that the conditions set out in Part 1 of Schedule 12 to this Act or such of them as are specified in the direction shall apply to the directors of the company and, if the

company is a close company, to the persons who are the beneficial owners of shares in the company or to such of those directors or persons as are so specified as if each of them were an applicant for a certificate under this section.

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(5) The Board may at any time cancel a certificate which has been issued to a person and is in force under this section if it appears to them that—

- (a) it was issued on information which was false ;
 - (b) if an application for the issue of a certificate under this section to that person were made at that time, the Board would refuse to issue a certificate ; or
 - (c) that person has permitted the certificate to be misused ;
- and may by notice in writing require that person to deliver the certificate to the Board within the time specified in the notice.

(6) A person aggrieved by the refusal of an application for a certificate under this section may, by notice in writing given to the Board within thirty days after the refusal, appeal to the General Commissioners or, if he so elects in the notice, to the Special Commissioners ; and the jurisdiction of the Commissioners on such an appeal shall include jurisdiction to review any relevant decision taken by the Board in the exercise of their functions under this section other than a decision that an individual, a company or a firm is or is not to be treated as satisfying a condition set out in any Part of Schedule 12 to this Act.

(7) The Board may make regulations—

- (a) prescribing the period for which certificates under this section are to be issued and the form of such certificates ;
- (b) providing for the renewal of such certificates ;
- (c) providing for the issue, renewal or cancellation of such certificates or the giving of directions under subsection (4) above by inspectors on behalf of the Board ;
- (d) requiring the production of such certificates to such persons and in such circumstances as may be specified in the regulations and providing for the completion and return to the Board of forms certifying such production ;
- (e) requiring the surrender to the Board of such certificates in such circumstances as may be specified in the regulations ;
- (f) requiring persons who make payments under contracts relating to construction operations to keep such records and to make to the Board such returns relating to payments so made by them as may be specified in the regulations, and requiring persons who hold such

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certificates to keep such records relating to payments so made to them as may be so specified ; and

- (g) requiring vouchers for payments made under contracts relating to construction operations to persons who hold such certificates to be obtained by the person making, and given by the person receiving, the payment, prescribing the form of the vouchers, and requiring their production or surrender to the Board in such circumstances as may be specified in the regulations ;

and any such regulations may make different provision for different circumstances.

(8) Regulations under subsection (7) above shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.

(9) If any person, for the purpose of obtaining a certificate under this section—

- (a) makes any statement, or furnishes any document, which he knows to be false in a material particular ; or
- (b) recklessly makes any statement, or furnishes any document, which is false in a material particular,

he shall be liable on summary conviction to a fine not exceeding £5,000.

(10) A person to whom a certificate is issued under this section or a voucher is given as required by regulations under subsection (7)(g) above shall take all reasonable steps to ensure its safety ; and any person who, without lawful authority or lawful excuse—

- (a) disposes of any such certificate or voucher or any form supplied by the Board in connection with regulations made by virtue of subsection (7)(d) above ; or
- (b) possesses such a certificate, voucher or form or any document purporting to be such a certificate, voucher or form,

shall be liable on summary conviction to a fine not exceeding £5,000.

(11) Notwithstanding any enactment prescribing the period within which summary proceedings may be commenced, proceedings for an offence under subsection (9) or (10) above may be commenced at any time within three years from the commission of the offence.

1970 c. 9.

(12) In section 98 of the Taxes Management Act 1970 (penalty for failure to furnish information etc.) there shall be added—

- (a) in the first column of the Table, the words “ Section 70(5) of the Finance (No. 2) Act 1975.” ; and

- (b) in the second column of the Table, the words " Regulations under section 70(7) of the Finance (No. 2) Act 1975.".
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71.—(1) The following provisions of this section shall have effect for the interpretation of this Chapter.

Interpretation
of Chapter II.

(2) " Authorised insurer " means a person or body of persons lawfully carrying on in Great Britain insurance business of any class relevant for the purposes of Part I of the Insurance Companies Act 1974 or in Northern Ireland insurance business of any class relevant for the purposes of the Insurance Companies Act (Northern Ireland) 1968.

1974 c. 49.
1968 c. 6.
(N.I.).

(3) " Development corporation " has the same meaning as in the New Towns Act 1965 or the New Towns (Scotland) Act 1968, " housing association " has the same meaning as in the Housing Act 1957, the Housing (Scotland) Act 1966 or section 12 of the Housing and Local Government (Miscellaneous Provisions) Act (Northern Ireland) 1946, " housing trust " has the same meaning as in the Housing Act 1957, " housing society " has the same meaning as in Part I of the Housing Act 1964, and " new town commission " has the same meaning as in the New Towns Act (Northern Ireland) 1965.

1965 c. 59.
1968 c. 16.
1957 c. 56.
1966 c. 49.
1946 c. 4 (N.I.).
1964 c. 56.
1965 c. 13.
(N.I.).

(4) " Director " has the same meaning as in Chapter II of Part VIII of the Taxes Act.

(5) References to the making of payments under a contract relating to construction operations include references to the lending of money in circumstances in which the lending of the money has the effect of discharging any obligation under the contract.

(6) " The preferential payments provisions " means section 30 of the Finance Act 1952, section 287 of the Companies Act (Northern Ireland) 1960 and section 1(1) of the Preferential Payments (Bankruptcies and Arrangements) Act (Northern Ireland) 1964.

1952 c. 33.
1960 c. 22
(N.I.).
1964 c. 32
(N.I.).

(7) References to relevant public liability in respect of the business of an individual, a firm or a company carrying out any description of construction operations are references to any liability—

- (a) which may be incurred by the individual, firm or company in respect of bodily injury or disease sustained in the United Kingdom by any person (other than that individual or the partners in that firm, as the case may be); and

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- (b) which arises from the carrying out of that description of construction operations in the course of that business ;

but not to a liability in respect of which the individual, firm or company is required to maintain insurance under the Employers' Liability (Compulsory Insurance) Act 1969 or Part VI of the Road Traffic Act 1972 or (in Northern Ireland) under Part V of the Road Traffic Act (Northern Ireland) 1970 or Part III of the Employers' Liability (Defective Equipment and Compulsory Insurance) (Northern Ireland) Order 1972.

1969 c. 57.

1972 c. 20.

1970 c. 2.

(N.I.).

S.I. 1972 No.

1963 (N.I.6).

(8) "Construction operations" means operations of any description specified in Part I of Schedule 13 to this Act, not being operations of any description specified in Part II of that Schedule ; and references to construction operations shall be taken—

- (a) except where the context otherwise requires, as including references to the work of individuals participating in the carrying out of such operations ; and

- (b) except in the case of offshore installations (within the meaning of the said Part I), as not including references to operations carried out or to be carried out otherwise than in the United Kingdom.

(9) The Treasury may by order made by statutory instrument—

- (a) include in Part I of Schedule 13 to this Act any description of operations as to which they are satisfied that it is a normal activity of the construction industry and that its inclusion in that Part of the Schedule is necessary for achieving the object of section 69 of this Act ;

- (b) include in Part II of that Schedule any description of operations as to which they are satisfied that it cannot properly be considered a normal activity of the construction industry and ought to be excluded from Part I of that Schedule.

(10) An order under this section shall not have effect unless a draft thereof has been laid before and approved by the House of Commons.

PART IV

MISCELLANEOUS AND GENERAL

72. Section 50 of the Finance Act 1973 (temporary statutory effect of House of Commons resolution affecting stamp duties) shall extend to Northern Ireland and apply to stamp duties having effect there as well as to stamp duties having effect in Great Britain.

Extension of
Finance Act
1973 s. 50 to
stamp duties in
Northern
Ireland.
1973 c. 51.

73.—(1) Where the holder or any of the joint holders of Government stock is a minor the Bank may, if it thinks fit, but subject to subsection (2) below—

PART IV
Government
stock held by
minors.

- (a) pay the dividends accruing on the stock in accordance with the written instructions of a parent or guardian of the minor or minors ;
- (b) pay any redemption money becoming payable in respect of the stock in accordance with the written instructions of the minor or minors and a parent or guardian of his or each of them ;
- (c) give effect to a transfer of the stock in accordance with the written instructions of the minor or minors and a parent or guardian of his or each of them ;

(and, in each case, of every other joint holder who is not a minor).

(2) The Bank shall not exercise any power conferred on it by paragraph (b) or (c) of subsection (1) above unless the Bank is satisfied that the minor has attained the age of seven years.

(3) Where the Bank makes a payment or effects a transfer in accordance with this section and the instructions given under it, then—

- (a) in the case of a payment, the payment shall discharge the Bank of its liabilities in respect of the dividend which has accrued or redemption money which has become payable on the stock ;
- (b) in the case of a transfer, the transfer shall not be revocable at the instance of the minor (except in circumstances in which it would be revocable at the instance of a person who was not a minor) ;

and no other liability arising out of the payment or transfer shall be incurred by the Bank to any person.

(4) In this section—

“ Government stock ” means securities of any description issued by the Government of the United Kingdom and registered by the Bank ; and

“ the Bank ” means the Bank of England or, as the case requires, the Bank of Ireland ;

and references in subsection (1) above to the instructions of a guardian are, in a case where there are joint guardians, references to the joint instructions of those guardians.

(5) This section shall not apply to a pupil or minor domiciled in Scotland.

PART IV

Use of trustee savings banks by solicitors for client's money etc.

1974 c. 47.

1969 c. 50.

74. The Solicitors Act 1974 shall have effect, and be deemed always to have had effect, as if in the definition of "bank" in section 87(1) there were inserted at the end of paragraph (b) the words "and

(c) a trustee savings bank within the meaning of section 3 of the Trustee Savings Banks Act 1969".

Citation, interpretation, construction and repeals.

1970 c. 10.

1952 c. 44.

75.—(1) This Act may be cited as the Finance (No. 2) Act 1975.

(2) In this Act "the Taxes Act" means the Income and Corporation Taxes Act 1970; and in Part I of this Act "the Act of 1952" means the Customs and Excise Act 1952.

(3) In this Act—

(a) Part I, except sections 2 to 6, shall be construed as one with the Customs and Excise Act 1952;

1972 c. 41.

(b) Part II, so far as it relates to value added tax, shall be construed as one with Part I of the Finance Act 1972; and

(c) Part III, so far as it relates to income tax, shall be construed as one with the Income Tax Acts, so far as it relates to corporation tax shall be construed as one with the Corporation Tax Acts and, so far as it relates to capital gains tax, shall be construed as one with Part III of the Finance Act 1965.

1965 c. 25.

(4) Except so far as the context otherwise requires, any reference in this Act to any enactment shall be construed as a reference to that enactment as amended, and as including a reference to that enactment as applied, by or under any other enactment, including this Act.

(5) The enactments mentioned in Schedule 14 to this Act (Part IV of which includes certain enactments which had ceased to have effect before the commencement of this Act) are hereby repealed to the extent specified in the third column of that Schedule, but subject to any provision at the end of any Part of that Schedule.

SCHEDULES

SCHEDULE 1

Section 3.

PROVISIONS SUBSTITUTED IN VEHICLES (EXCISE) ACT 1971

1971 c. 10.

I

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 1

Description of vehicle	Rate of duty
	£
1. Bicycles and tricycles of which the cylinder capacity of the engine does not exceed 150 cubic centimetres; electrically propelled bicycles; electrically propelled tricycles which do not exceed 165 pounds in weight unladen	4·00
2. Bicycles of which the cylinder capacity of the engine exceeds 150 cubic centimetres but does not exceed 250 cubic centimetres; tricycles (other than those in the foregoing paragraph) and vehicles (other than mowing machines) with more than three wheels, being tricycles and vehicles neither constructed nor adapted for use nor used for the carriage of a driver or passenger	8·00
3. Bicycles and tricycles not in the foregoing paragraphs ...	16·00

II

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 2

Description of vehicle	Rate of duty
	£
Hackney carriages	20·00
	with an additional 50p for each person above 20 (excluding the driver) for which the vehicle has seating capacity.

SCH. 1

III

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 3

1. Description of vehicle	Weight unladen of vehicle		Rate of duty	
	2. Exceeding	3. Not exceeding	4. Initial	5. Additional for each ton or part of a ton in excess of the weight in column 2
1. Agricultural machines; digging machines; mobile cranes; works trucks; mowing machines.	—	—	£ 6·65	£ —
2. Haulage vehicles, being showmen's vehicles.	— 7½ tons 8 tons 10 tons	7½ tons 8 tons 10 tons —	62·65 75·00 87·35 87·35	— — — 12·65
3. Haulage vehicles, not being showmen's vehicles.	— 2 tons 4 tons 6 tons 7½ tons 8 tons	2 tons 4 tons 6 tons 7½ tons 8 tons —	80·00 144·00 198·00 252·00 306·00 306·00	— — — — — 54·0

IV

SCH. 1

PROVISIONS SUBSTITUTED IN PART II OF SCHEDULE 4

TABLES SHOWING ANNUAL RATES OF DUTY ON GOODS VEHICLES

TABLE A
GENERAL RATES OF DUTY

1. Description of vehicle	Weight unladen of vehicle		Rate of duty	
	2. Exceeding	3. Not exceeding	4. Initial	5. Additional for each $\frac{1}{4}$ ton or part of a $\frac{1}{4}$ ton in excess of the weight in column 2
			£	£
1. Farmers' goods vehicles ...	—	12 cwt.	23·35	—
	12 cwt.	16 cwt.	25·65	—
	16 cwt.	1 ton	28·00	—
	1 ton	1 $\frac{1}{4}$ tons	30·35	—
	1 $\frac{1}{4}$ tons	2 $\frac{1}{4}$ tons	30·35	2·65
	2 $\frac{1}{4}$ tons	4 $\frac{1}{4}$ tons	43·60	3·35
	4 $\frac{1}{4}$ tons	5 $\frac{1}{4}$ tons	67·05	1·35
	5 $\frac{1}{4}$ tons	8 $\frac{1}{4}$ tons	75·15	1·65
	8 $\frac{1}{4}$ tons	—	93·30	1·35
2. Showmen's goods vehicles ...	—	12 cwt.	23·35	—
	12 cwt.	16 cwt.	25·65	—
	16 cwt.	1 ton	28·00	—
	1 ton	3 tons	28·00	2·65
	3 tons	4 tons	49·20	3·00
	4 tons	5 tons	61·20	2·65
	5 tons	6 tons	71·80	2·35
	6 tons	—	81·20	2·65
3. Electrically propelled goods vehicles (other than farmers' goods vehicles or showmen's goods vehicles); tower wagons.	—	12 cwt.	32·00	—
	12 cwt.	16 cwt.	35·00	—
	16 cwt.	1 ton	39·35	—
	1 ton	6 tons	39·35	4·00
	6 tons	7 tons	119·35	3·35
	7 tons	8 $\frac{1}{4}$ tons	132·75	3·65
	8 $\frac{1}{4}$ tons	—	151·00	4·00
4. Goods vehicles not included in any of the foregoing provi- sions of this Part of this Schedule.	—	16 cwt.	40·00	—
	16 cwt.	1 ton	48·65	—
	1 ton	1 $\frac{1}{4}$ tons	48·65	8·65
	1 $\frac{1}{4}$ tons	2 tons	65·95	9·00
	2 tons	3 tons	83·95	10·00
	3 tons	4 tons	123·95	14·00
	4 tons	—	179·95	18·00

SCH. 1

TABLE B

RATES OF DUTY ON GOODS VEHICLES USED FOR DRAWING TRAILERS

1. Description of vehicle	Weight unladen of vehicle		4. Rate of duty
	2. Exceeding	3. Not exceeding	
1. Showmen's goods vehicles	—	—	£ 23·35
2. Electrically propelled goods vehicles (other than farmers' goods vehicles and show- men's goods vehicles); tower wagons.	—	1½ tons	18·65
	1½ tons	3 tons	32·00
	3 tons	—	36·00
3. Other goods vehicles	—	1½ tons	18·65
	1½ tons	2½ tons	32·00
	2½ tons	4 tons	53·35
	4 tons	—	72·00

V

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 5

Description of vehicle	Rate of duty
	£
1. Electrically propelled vehicles; vehicles not exceeding 7 horse-power, if registered under the Roads Act 1920 for the first time before 1st January 1947	28·80
2. Vehicles not included above	40·00

SCHEDULE 2

Section 6.

PROVISIONS SUBSTITUTED IN VEHICLES (EXCISE) ACT
(NORTHERN IRELAND) 1972

1972 c.10 (N.I.).

I

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 1

Description of vehicle	Rate of duty
	£
1. Bicycles and tricycles of which the cylinder capacity of the engine does not exceed 150 cubic centimetres; electrically propelled bicycles; electrically propelled tricycles which do not exceed 165 pounds in weight unladen	4·00
2. Bicycles of which the cylinder capacity of the engine exceeds 150 cubic centimetres but does not exceed 250 cubic centimetres; tricycles (other than those in the foregoing paragraph) and vehicles (other than mowing machines) with more than three wheels, being tricycles and vehicles neither constructed nor adapted for use nor used for the carriage of a driver or passenger	8·00
3. Bicycles and tricycles not in the foregoing paragraphs ...	16·00

II

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 2

Description of vehicle	Rate of duty
	£
Hackney carriages	20·00 with an additional 50p for each person above 20 (excluding the driver) for which the vehicle has seating capacity.

SCH. 2

III

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 3

1. Description of vehicle	Weight unladen of vehicle		Rate of duty	
	2. Exceeding	3. Not exceeding	4. Initial	5. Additional for each ton or part of a ton in excess of the weight in column 2
1. Agricultural machines; digging machines; mobile cranes; works trucks; mowing machines.	—	—	£ 6·65	£ —
2. Haulage vehicles, being showmen's vehicles.	— 7½ tons 8 tons 10 tons	7½ tons 8 tons 10 tons —	62·65 75·00 87·35 87·35	— — — 12·65
3. Haulage vehicles, not being showmen's vehicles.	— 2 tons 4 tons 6 tons 7½ tons 8 tons	2 tons 4 tons 6 tons 7½ tons 8 tons —	71·00 128·00 176·00 224·00 272·00 272·00	— — — — — 48·00

IV

SCH. 2

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 4

TABLES SHOWING ANNUAL RATES OF DUTY ON GOODS VEHICLES

TABLE A

GENERAL RATES OF DUTY

1. Description of vehicle	Weight unladen of vehicle		Rate of duty	
	2. Exceeding	3. Not exceeding	4. Initial	5. Additional for each $\frac{1}{4}$ ton or part of a $\frac{1}{4}$ ton in excess of the weight in column 2
1. Farmers' goods vehicles ...	— 12 cwt. 16 cwt. 1 ton $1\frac{1}{4}$ tons $2\frac{1}{2}$ tons $3\frac{1}{2}$ tons	12 cwt. 16 cwt. 1 ton $1\frac{1}{4}$ tons $2\frac{1}{2}$ tons $3\frac{1}{2}$ tons —	£ 23·35 25·65 28·00 30·35 30·35 43·60 57·00	£ — — — 2·65 3·35 1·00
2. Showmen's goods vehicles; electrically propelled goods vehicles (other than farmers' goods vehicles); tower wagons.	— 12 cwt. 16 cwt. 1 ton 3 tons 4 tons 5 tons 6 tons	12 cwt. 16 cwt. 1 ton 3 tons 4 tons 5 tons 6 tons —	30·00 32·00 36·00 36·00 49·20 61·20 71·80 81·20	— — — 1·65 3·00 2·65 2·35 2·65
3. Goods vehicles not included in any of the foregoing provi- sions of this Part.	— 16 cwt. 1 ton $1\frac{1}{4}$ tons 2 tons 3 tons 4 tons	16 cwt. 1 ton $1\frac{1}{4}$ tons 2 tons 3 tons 4 tons —	40·00 43·35 50·65 50·65 74·65 110·65 160·05	— — — 8·00 9·00 12·35 16·00

SCH. 2

TABLE B

RATES OF DUTY ON GOODS VEHICLES USED FOR DRAWING TRAILERS

1. Description of vehicle	Weight unladen of vehicle		4. Rate of duty
	2. Exceeding	3. Not exceeding	
1. Showmen's goods vehicles; electrically propelled goods vehicles (other than farmers' goods vehicles); tower wagons.	—	—	£ 23·35
2. Other goods vehicles 	— 1½ tons 2½ tons 4 tons	1½ tons 2½ tons 4 tons —	18·65 28·35 48·00 64·00

V

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 5

Description of vehicle	Rate of duty
1. Electrically propelled 	£ 28·80
2. Not electrically propelled— (a) if first registered under the Roads Act 1920 before 1st January 1947, or which, if its first registration for taxation purposes had been effected in Northern Ireland, would have been so first registered as aforesaid under that Act as in force in Northern Ireland—	
(i) not exceeding 6 horse-power 	24·00
(ii) exceeding 6 horse-power but not exceeding 9 horse-power—for each unit or part of a unit of horse-power 	4·00
(b) other vehicles 	40·00

SCHEDULE 3

Section 8.

REVENUE DUTIES: AMENDMENTS OF
CUSTOMS AND EXCISE AND OTHER ACTS

PART I

AMENDMENTS CONNECTED WITH CONVERSION OF
CERTAIN REVENUE DUTIES*General adaptation of enactments*

1.—(1) Subject to the following provisions of this Schedule and save where the context otherwise requires, any reference in the customs Acts or excise Acts or in any instrument of a legislative character made thereunder which is in force at the end of 1975 and any reference in any other Act then in force to a duty or duties of customs (and any reference to duty or customs in so far as it is a reference to a duty or duties of customs) not being a reference to a Community customs duty shall, after the end of 1975, be taken to be a reference to, or to so much of, a duty or duties (whether expressed to be of customs or excise) for the time being chargeable on goods imported into the United Kingdom and any reference in those Acts or instruments to, or which is to be construed as a reference to, customs drawback, customs charge or customs clearance shall be construed accordingly.

(2) Subject to the following provisions of this Schedule and save where the context otherwise requires, any reference in the customs Acts or excise Acts or in any instrument of a legislative character made thereunder which is in force at the end of 1975 and any reference in any other Act then in force to a duty or duties of excise (and any reference to duty or excise in so far as it is a reference to a duty or duties of excise) being a reference to a duty or duties chargeable on goods shall, after the end of 1975, be taken to be a reference to, or to so much of, a duty or duties for the time being chargeable on goods produced or manufactured in the United Kingdom and any reference in those Acts or instruments which is to be construed as a reference to excise drawback shall be construed accordingly.

2. Subject to paragraphs 16 to 22 below, any reference in the Hydrocarbon Oil (Customs & Excise) Act 1971 to the duty of excise on hydrocarbon oil (and any reference to duty in so far as it is a reference to the duty of excise on such oil) shall, after the end of 1975, be taken to include a reference to any excise duty for the time being chargeable on hydrocarbon oil imported into the United Kingdom. 1971 c. 12.

Specific amendments

3. In section 103(5) of the Act of 1952 (amount of drawback on British compounds and spirits of wine), after the words "the date when" insert the word "excise".

SCH. 3

4. In section 109(1)(a) of the Act of 1952 (immature spirits may be delivered for home use if allowed to be delivered without payment of duty), after the words "payment of" insert the word "excise".

5. In section 111(1) and section 122 of the Act of 1952 (which provide for remission of duty on spirits in certain cases by reference to the duties of customs and excise), for paragraphs (a) and (b) substitute the words "without payment of the excise duty chargeable thereon" and omit the proviso to section 111(1).

6. In section 112(1) of the Act of 1952 (repayment of duty on spirits used for medical or scientific purposes), after the words "spirits on which" insert the word "excise".

7. In section 113(1)(a) of the Act of 1952 (imported mixtures on which duty charged at reduced rate not to be used for other than medical or scientific purposes without permission), for the words "been charged with duty at a reduced rate" substitute the words "been relieved to any extent of the excise duty chargeable".

8. In section 222(1) of the Act of 1952 (provisions as to components of mechanical lighters and other matters relating to duty on such lighters), for the words "provision of the excise Acts relating to the excise duty on mechanical lighters" substitute the words "duty of excise on mechanical lighters imported into or manufactured in the United Kingdom".

9. In section 263(3) of the Act of 1952 (relief from duty where certain materials for use by a brewer have been destroyed or become spoilt or unfit for use), before the word "duty" in both places where it occurs insert the word "excise".

10. In section 309(4) (certain products of Isle of Man removed to United Kingdom chargeable with customs duty as if imported if not or not fully charged with customs duty in Island), in paragraph (b) after the word "customs" in both places where it occurs insert the words "or excise".

11. In section 310(1) (restriction on removal to United Kingdom of Isle of Man goods not or not fully charged with customs duty in Island) after the words "customs duty" wherever occurring insert the words "or excise duty".

1953 c. 34.

12. In section 3(3) of the Finance Act 1953 (definition of prescribed component of mechanical lighters in absence of definition under the said section 222), for the words from "the said" to "applied by this section" substitute the words "section 222 of the Customs and Excise Act 1952 in its application to the duty of excise on mechanical lighters imported into the United Kingdom".

1952 c. 44.

1958 c. 6.

13. In section 3 of the Import Duties Act 1958, subsections (1) to (3) (import duties not generally to be imposed on goods subject to customs duty) shall be omitted.

1958 c. 11.

14. In section 2(4) of the Isle of Man Act 1958 (meaning of "equal duties" for the purposes of sharing arrangements), after the word "customs" wherever occurring in paragraphs (a) and (b) insert the words "or excise".

15. In section 6(1) of the Finance Act 1970 (exemption of angostura bitters from spirits duty), for the words "section 1 of the Finance Act 1964 (duties of customs and excise duty on spirits)" substitute "the charge of excise duty on spirits". SCH. 3 1970 c. 24. 1964 c. 49.

16. In section 4(2) of the Hydrocarbon Oil (Customs & Excise) Act 1971 (time and rate of charge of customs duty on hydrocarbon oil removed to refinery) (which Act is hereinafter referred to as "the 1971 Act"), for the word "customs" substitute the word "excise". 1971 c. 12.

17. In section 6 of the 1971 Act (excise duty on hydrocarbon oil and on petrol substitutes and spirits for power methylated spirits), for the words "duty of customs charged under section 4 above" substitute the words "duty of excise on hydrocarbon oil".

18. In section 8(3) of the 1971 Act (penalty for misuse of duty-free hydrocarbon oil), for the word "customs" substitute the word "excise".

19. In section 15(1) of the 1971 Act (relief for heavy oil used by horticultural producers), before the word "duty" insert the word "excise".

20. In section 16 of the 1971 Act (relief for fuel for ships in home waters), in subsections (1) and (2), before the word "duty" insert the word "excise".

21. In section 17 of the 1971 Act (relief for fuel used in fishing boats, etc.), in subsection (3), before the word "duty" insert the word "excise".

22. In Schedule 3 to the 1971 Act (regulations about hydrocarbon oil), in paragraphs 8 and 9, for the word "customs" substitute the word "excise" and in paragraphs 10 and 11, after the words "excise duty" insert the words "chargeable on hydrocarbon oil produced in the United Kingdom".

23. For section 27(1) of the Finance Act 1972 (supply in warehouse of goods subject to customs duty to be disregarded for purposes of value added tax) substitute the following— 1972 c. 41.

"(1) Where imported goods subject to a duty of customs or excise or a duty of customs and a duty of excise are supplied while warehoused, the supply shall be disregarded for the purposes of this Part of this Act if the goods are supplied before payment of the duty to which they are subject or, where they are subject to a duty of customs and a duty of excise, of the duty of excise."

24. In section 57(3) of the Finance Act 1972 (duty not payable on spirits in articles for medical purposes), before the word "Duty" at the beginning of the subsection insert the word "Excise".

PART II

AMENDMENTS RELATING TO CERTAIN REVENUE DUTIES

25. In section 105(1) of the Act of 1952 (restrictions on carrying on of other trades by distiller or rectifier), for the words "maker of British wine or" substitute the words "producer of wine or of made-wine, maker of".

SCH. 3

26. In section 137(1) of the Act of 1952 (relief for beer in certain cases), after the words "drawback shall be allowable" insert the words "on the removal to a warehouse on the premises of a licensed producer of made-wine or".

27. For section 140 of the Act of 1952 (power to regulate making or rendering sparkling of British wine, etc.) substitute the following section—

"Power to regulate making of wine and made-wine and provide for charging duty thereon.

140.—(1) The Commissioners may with a view to managing the excise duties on wine and made-wine produced in the United Kingdom for sale make regulations—

- (a) regulating the production of wine and made-wine for sale and the issue, renewal and cancellation of excise licences therefor ;
- (b) for determining the duty and the rates thereof and in that connection prescribing the method of charging the duty ;
- (c) prohibiting or restricting the use of wine in the production of made-wine ;
- (d) for securing and collecting the duty ;
- (e) for relieving wine or made-wine from excise duty in such circumstances and to such extent as may be prescribed in the regulations.

(2) If any person fails to comply with any regulation made under this section, he shall be liable to a penalty of £50 and any article in respect of which the offence was committed shall be liable to forfeiture."

28. Section 141 of the Act of 1952 (method of charging excise duty on British wine) shall be omitted.

29. In section 142 of the Act of 1952 (fortification of British wine in warehouse)—

- (a) in subsection (1), for the words from "with" to "duty-free spirits" substitute the words "in warehouse with made-wine (whether imported into or produced in the United Kingdom) of spirits which are free of excise duty"; and
- (b) subsection (2) shall be omitted.

30. Section 143 of the Act of 1952 (wine to be imported only at approved ports) shall be omitted.

31. In section 144 of the Act of 1952 (fortification of imported wine in warehouse)—

- (a) in subsection (1), for the words "with wine in warehouse" substitute the words "in warehouse with wine (whether imported into or produced in the United Kingdom)"; and
- (b) subsection (2) shall be omitted.

32. In section 145 of the Act of 1952 (rendering imported wine sparkling in warehouse) the following amendments shall be made, that is to say—

- (a) subsections (1) and (2) shall be omitted ;
- (b) in subsection (3), for the words “ Wine shall not ” substitute the words “ Neither imported wine nor imported made-wine shall ” and for the words “ under subsection (1) of this section ”, substitute the words “ in accordance with regulations under section 16(2) of the Finance (No. 2) Act 1975 ” ;
- (c) in subsection (4), paragraph (a) shall be omitted ;
- (d) in subsection (5), for the word “ wine ” where first occurring substitute the words “ imported wine and imported made-wine ”, for the words “ otherwise than as permitted under this section ” substitute the words “ in contravention of subsection (4) above ”, after the words “ including wine ” insert the words “ or made-wine ” and after the words “ any wine ” insert the words “ or made-wine ”.

33. In section 146(3) of the Act of 1952 (certain wholesale dealing in intoxicating liquors allowed without licence), for the words “ maker of British wine ” substitute the words “ licensed producer of wine or of made-wine ”.

34. In section 168 of the Act of 1952 (reduced duty on certain part-year licences), for the words “ maker of British wine ” substitute the words “ producer of wine or made-wine ”.

35. In section 169(2) of the Act of 1952 (relief from licence duty on permanent discontinuance of certain trades), for the words “ maker of British wine ” substitute the words “ producer of wine or of made-wine ”.

36. In section 170(1) of the Act of 1952 (payment by instalments of duty on licence for certain trades), for the words “ maker of British wine ” substitute the words “ producer of wine or of made-wine or ”.

37. In section 172(6) of the Act of 1952 (application of provisions of that section for ascertaining alcoholic strength etc. to fermented liquors), at the end add “ but, in relation to wine or made-wine, shall not apply so as to prevent the strength, weight or volume of wine or made-wine from being ascertained for the purpose of charging duty thereon by methods other than that provided in this section ”.

38. In section 221(1)(d) of the Act of 1952 (regulations may allow delivery of complete or incomplete mechanical lighters free of excise duty), for the words “ without payment of any duty of excise ” substitute the words “ imported into or manufactured in the United Kingdom without payment of the excise duty ”.

39. In section 248(2) of the Act of 1952 (entry upon premises of excise traders), for the words “ maker of British wine ” substitute the words “ producer of wine or made-wine ”.

40. In section 249(5) of the Act of 1952 (excise traders subject to power of search for concealed pipes etc.), for the words “ makers of

SCH. 3

British wine" substitute the words "producers of wine or made-wine".

41. In section 253(3) of the Act of 1952 (power of distraint for duty unpaid by excise traders), for the words "maker of British wine" substitute the words "or licensed producer of wine or made-wine".

42. In section 263(4) of the Act of 1952 (relief from duty where certain liquors are spoilt or unfit for use), for the words "or British wine" wherever occurring substitute the words "wine or made-wine", for the words "maker of British wine" substitute the words "licensed producer of wine or of made-wine", for the words "or maker" substitute the words "or producer" and before the word "duty" insert the word "excise".

43. In section 295(2) of the Act of 1952 (procedure and status of sample taken from certain excise traders), for the words "maker of British wine" substitute the words "or producer of wine or of made-wine".

44. In section 307(1) of the Act of 1952 (definitions), the following amendments shall be made, that is to say—

(a) the definitions of "British wine" (that is, "sweets") and "maker of British wine" shall be omitted;

(b) for the definition of "wine" substitute a definition in terms of section 14(5) of this Act;

(c) for the definition of "perfect entry" substitute the following—

"perfect entry" means an entry made in accordance with section 28 of this Act or regulations made under section 16(2) of the Finance (No. 2) Act 1975, as the case may require;

(d) in the appropriate places in alphabetical order insert the following definitions, namely—

(i) definitions of "made-wine" and of "non-excisable cider" in terms of section 15(6) of this Act; and

(ii) "producer of wine" and "producer of made-wine" include respectively a person who renders wine or made-wine sparkling and "produce", in relation to wine or made-wine, shall be construed accordingly and "licensed", in relation to a producer of wine or of made-wine, means a producer who holds a licence to produce wine or made-wine under subsection (2) of section 14 or 15 respectively of the Finance (No. 2) Act 1975.

1959 c. 51.

45. In section 199(1) of the Licensing (Scotland) Act 1959 (definitions for the purposes of that Act), in the definition of "excisable liquor" for the word "sweets" (that is, British wine) substitute the

word "made-wine", omit the definition of "sweets" and in the appropriate places in alphabetical order insert the following definitions—

SCH. 3

"made-wine" means made-wine within the meaning of the Customs and Excise Act 1952 ;

1952 c. 44.

"wine" means wine within the meaning of the Customs and Excise Act 1952.

46. In Part VI of Schedule 4 to the Weights and Measures Act 1963 c. 31. 1963 and in Part VI of Schedule 2 to the Weights and Measures Act 1967 c. 6. (Northern Ireland) 1967 (regulation of selling etc. of intoxicating (N.I.). liquor), in paragraph 1 after the word "beer" insert the word "and" and omit the words "wine and British wine" and at the end of that paragraph add the words "and 'wine' and 'British wine' have the same meanings respectively as they had for the purposes of that Act immediately before the end of 1975."

47. In section 201(1) of the Licensing Act 1964 (definitions for the purposes of that Act), for the definition of "wine" (added by Schedule 7 to the Finance Act 1967) substitute the following definition—

"wine" means wine within the meaning of the Customs and Excise Act 1952 and made-wine within the meaning of that Act.

SCHEDULE 4

Section 14.

WINE: RATES OF DUTY

Description of wine (in strengths measured by reference to the following percentages of alcohol by volume at a temperature of 20° C.)	Rates of duty (per gallon)
	£
Wine of an alcoholic strength—	
not exceeding 15%	2·6250
exceeding 15 but not exceeding 18%	2·9350
exceeding 18 but not exceeding 22%	3·3500
exceeding 22%	3·3500 plus
	£0·3850 for every 1% or part of 1% in excess of 22%;
	each of the above rates of duty being, in the case of sparkling wine, increased by £0·6500 per gallon.

Section 15.

SCHEDULE 5

MADE-WINE: RATES OF DUTY

Description of made-wine (in strengths measured by reference to the following percentages of alcohol by volume at a temperature of 20° C.)	Rates of duty (per gallon)
	£
Made-wine of an alcoholic strength—	
not exceeding 10%	1·7000
exceeding 10 but not exceeding 15%	2·5450
exceeding 15 but not exceeding 18%	2·8300
exceeding 18%	2·8300 plus
	£0·3850 for every 1% or part of 1% in excess of 18%;
	each of the above rates of duty being, in the case of sparkling made- wine, increased by £0·3000 per gallon.

Section 16.

SCHEDULE 6

AMENDMENTS OF CUSTOMS AND EXCISE ACTS ABOUT
WAREHOUSING OF GOODS

1. In section 34(2)(b) of the Act of 1952 (rate of duty on imported goods entered for warehousing to be ascertained as provided in section 88) for the words “as provided in section 88 of this Act” substitute the words “in accordance with regulations under section 16(2) of the Finance (No. 2) Act 1975”.

2. In section 38 of the Act of 1952 (right to warehouse goods without payment of duty) after the word “allowed” insert the words “subject to such conditions or restrictions as may be imposed by or under regulations made under section 16(2)(a) of the Finance (No. 2) Act 1975”.

3. In section 80(1) of the Act of 1952 (approval of warehouses for keeping goods subject to conditions) omit the following words, that is to say—

(a) in paragraph (a) the words from “subject” to “impose”;

(b) in paragraphs (b) and (e), the words from “subject” to “as aforesaid”;

and after paragraph (e) insert the words “subject to and in accordance with regulations under section 16(2) of the Finance (No. 2) Act 1975.”

4. In section 92(2) of the Act of 1952 (general offences relating to warehoused goods), in paragraph (b), after the word “Act” insert the words “or by or under regulations under section 16(2) of the Finance (No. 2) Act 1975.”

SCH. 6

5. In section 101 of the Act of 1952 (penalty for excess or deficiency of stock), in subsection (3), after the word "section" insert the words "spirits used by a rectifier in warehouse in pursuance of regulations made under section 16(2)(c) of the Finance (No. 2) Act 1975 shall be deemed not to be spirits in his stock as a rectifier and" and after the word "possession" insert the words "(other than spirits so used)".

6. In section 102 of the Act of 1952 (restrictions on use of spirits by rectifiers) after subsection (4) insert the following subsection—

"(5) Spirits used in warehouse in pursuance of regulations made under section 16(2)(c) of the Finance (No. 2) Act 1975 shall be treated for the purposes of this section as spirits on which duty has been duly paid".

7. In section 104(3) of the Act of 1952 (exclusion of allowance under that section on British compounded spirits) after the word "section" insert the words "if those spirits were compounded in warehouse in pursuance of regulations made under section 16(2)(c) of the Finance (No. 2) Act 1975 or, in any other case,".

8. In section 109(1) of the Act of 1952 (immature spirits not to be delivered for home use except in certain cases) after proviso (h) add the following proviso—

"(i) to spirits compounded in warehouse in pursuance of regulations made under section 16(2)(c) of the Finance (No. 2) Act 1975."

SCHEDULE 7

Section 17.

VAT: HIGHER RATE

GROUP 1—DOMESTIC APPLIANCES

Item No.

1. Goods of a kind suitable for domestic use which are operated by electricity or, in the case of horticultural appliances, by electricity or by an internal combustion engine, except—
 - (a) boiling rings, ovens, ranges and stoves ;
 - (b) space heaters ;
 - (c) appliances for water heating ordinarily installed as fixtures ;
 - (d) light fittings and torches ;
 - (e) telephones of a kind supplied by the Post Office and ancillary equipment of a kind so supplied ;
 - (f) tools of a kind used wholly or mainly for carpentry, metalwork or masonry work ;
 - (g) clocks, watches and timing devices ;
 - (h) mechanical lighters ;

SCH. 7

- (i) hearing aids ;
 - (j) goods suitable for domestic use as, and only as, parts of goods (whether operated by electricity or not) of a kind mentioned in paragraphs (a) to (i) ;
 - (k) goods within Group 2 or Group 5.
2. Refrigerators and freezers of a kind suitable for domestic use, not being goods within Item 1.
 3. Accessories to goods within Item 1 or Item 2.
 4. Accessories to goods excepted from Item 1 by paragraph (f) of that Item, if the accessories are for horticultural use.
 5. Goods of a kind suitable for use as parts of goods comprised in Items 1 to 4, except—
 - (a) nuts, bolts, screws, screw caps, nails, washers, rivets, split pins, press studs, buckles, hose fittings, tube fittings, springs, bushes and bearings ;
 - (b) hinges, brackets, latches, catches, locks and keys ;
 - (c) electric batteries, fuses, mains plugs, electric filament light bulbs and fluorescent tubes ;
 - (d) wheels (other than steering wheels), castors and tyres and parts of such goods ;
 - (e) goods of a kind used mainly as parts of engines for road vehicles ;
 - (f) sewing machine needles.
 6. The installation, alteration, testing, repair or maintenance of, or the provision of similar services in respect of, goods comprised in Items 1 to 5.
 7. The supply of goods in connection with a supply of services within Item 6.

Notes :

(1) The goods excepted from Item 1 by paragraph (a) of that Item do not include hotplates or other appliances for keeping food hot.

(2) “ Mechanical lighters ” has the meaning assigned to it by section 221(4) of the Customs and Excise Act 1952.

1952 c. 44.

GROUP 2—RADIO AND TELEVISION SETS, ETC.

Item No.

1. Goods of a kind suitable for domestic or recreational use which are, or are capable of use as, goods within the following paragraphs—
 - (a) television sets ;
 - (b) radio receivers or transmitters ;
 - (c) gramophones or tape recorders ;
 - (d) electronic musical instruments.

2. Microphones, radio-tuners, turntables, amplifiers, loudspeakers and other goods capable of use as components of goods within Item 1, being of a kind suitable for domestic or recreational use. SCH. 7
3. Combinations of goods within Item 2.
4. Accessories to goods comprised in Items 1 to 3.
5. Goods of a kind suitable for use as parts of goods comprised in Items 1 to 4, except goods within the exceptions from Item 5 of Group 1.
6. The installation, alteration, testing, repair or maintenance of, or the provision of similar services in respect of, goods comprised in Items 1 to 5.
7. The supply of goods in connection with a supply of services within Item 6.

Notes :

(1) Items 1 and 2 include goods which can be adapted to produce goods within those Items.

(2) "Television sets" and "radio receivers" include apparatus designed to receive programmes transmitted by wire.

(3) "Gramophones or tape recorders" includes video cassette machines and other equipment for recording or reproducing sound or visual images by means of gramophone records, magnetic tape or similar recording media.

(4) "Electronic musical instruments" means musical instruments which incorporate, or are designed for use with, an amplifier.

(5) On and after 1st August 1975 Item 1 shall not include any television set which was, and so long as it remains, supplied under a contract of hire entered into prior to 16th April 1975.

(6) Item 3 does not include hearing aids.

(7) "Accessories" includes aerials.

(8) Item 4 does not include—

(i) gramophone records, magnetic tape or other recording media ;

(ii) goods for cleaning or storing goods within paragraph (i) ;

(iii) tape splicers.

GROUP 3—BOATS AND AIRCRAFT

Item No.

1. Boats—

(a) of a gross tonnage of less than 15 tons ; or

(b) designed for use for recreation or pleasure ;
except boats which are of a kind used solely as liferafts and comply with the requirements of the rules for the time being in force under section 427 of the Merchant Shipping 1894 c. 60 Act 1894 in relation to liferafts.

2. Boats adapted for use for recreation or pleasure.

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3. Aircraft—

- (a) of a weight of less than 8,000 kilogrammes ; or
- (b) designed or adapted for use for recreation or pleasure.

4. Hovercraft designed or adapted for use for recreation or pleasure.

5. The following accessories to goods within Item 1 or Item 2, namely—

- (a) outboard motors and other engines ;
- (b) electricity generators ;
- (c) sails ;
- (d) compasses, echo sounders, radar sets, logs, wind speed, wind direction and boat speed indicators, and other navigational and meteorological instruments and recorders ;
- (e) automatic pilots and automatic steering gear ;
- (f) trailers and trolleys.

6. Goods of a kind suitable for use as parts of goods within Item 1 or Item 5, except goods within the exceptions from Item 5 of Group 1.

7. Parts of aircraft which are of a weight of less than 8,000 kilogrammes and of a kind used for recreation or pleasure, except parts within the exceptions from Item 5 of Group 1.

8. The alteration, testing, repair or maintenance of, or the provision of similar services in respect of, goods within Item 1, Item 5 or Item 6.

9. The supply of materials or parts in connection with a supply of services within Item 8.

10. The classification or surveying of, or the making of arrangements for the supply of, goods comprised in Items 1 to 5.

Notes :

(1) "Boats" includes ships, inflatable craft and submersibles.

(2) "Aircraft" includes gliders and balloons.

1968 c. 59.

(3) "Hovercraft" has the same meaning as in the Hovercraft Act 1968.

(4) This Group does not include the letting on hire of a boat—

(a) as holiday accommodation for a period not exceeding 28 consecutive days by a person who customarily hires out boats to the public for such purposes ; or

(b) for a period of less than a day if the boat is customarily held out for letting for such periods ;

or the making of arrangements for any such letting.

GROUP 4—CARAVANS

Item No.

1. Caravans suitable for use as trailers drawn by motor vehicles having an unladen weight of less than 2,030 kilogrammes.
2. Caravan units designed to be mounted and carried on, and de-mounted from, motor vehicles.

3. Goods of a kind suitable for use as parts of goods within Item 1 or Item 2, except goods within the exceptions from Item 5 of Group 1.
4. The alteration, repair or maintenance of, or the provision of similar services in respect of, goods comprised in Items 1 to 3.
5. The supply of materials or parts in connection with a supply of services within Item 4.
6. The making of arrangements for the supply of goods within Item 1 or Item 2.

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Notes :

(1) Items 1 and 2 do not include removable contents of a kind not ordinarily installed as fixtures.

(2) This Group does not include the letting on hire of a caravan—

(a) for use solely on a specified site ; or

(b) as holiday accommodation for a period not exceeding 28 consecutive days by a person who customarily hires out caravans to the public for such purposes ;

or the making of arrangements for any such letting.

**GROUP 5—PHOTOGRAPHIC EQUIPMENT,
BINOCULARS, ETC.**

Item No.

1. Goods within the following paragraphs if they are of a kind suitable for domestic or recreational use—
 - (a) photographic and cinematographic cameras ;
 - (b) apparatus for developing, printing, reproducing, enlarging, reducing, editing or otherwise processing photographic or cinematographic images on film, plates or paper ;
 - (c) cinematographic, film strip or slide projectors, slide viewers, epidiscopes, projector screens and other apparatus for viewing photographic or cinematographic images.
2. Binoculars, monoculars, field glasses, opera glasses and terrestrial telescopes.
3. Accessories to goods comprised in Items 1 and 2.
4. Goods of a kind suitable for use as parts of goods comprised in Items 1 to 3, except goods within the exceptions from Item 5 of Group 1.
5. The installation, alteration, testing, repair or maintenance of, or the provision of similar services in respect of, goods comprised in Items 1 to 4.
6. The supply of goods in connection with a supply of services within Item 5.

Notes :

(1) Item 1 includes goods which can be adapted to produce goods within that Item.

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(2) Items 1 and 3 do not include—

- (a) film, plates and paper ;
- (b) chemicals ;
- (c) disposable flash bulbs ;
- (d) albums, mounts, wallets and other photographic stationery ;
- (e) slide boxes and other storage equipment for developed film, plates or prints.

GROUP 6—FURS

Item No.

1. Clothing made wholly or partly of fur skin, except—

- (a) headgear ;
- (b) gloves ;
- (c) footwear ;
- (d) buttons, belts and buckles ;
- (e) any garment merely trimmed with fur skin unless the trimming has an area greater than one-fifth of the area of the outside material or, in the case of a new garment, represents a cost to the manufacturer greater than the cost to him of the other components.

2. Rugs made wholly or partly of fur skin.

3. Fur skin, whether or not tanned or dressed.

4. The application to goods comprised in Items 1 to 3 of any process or treatment, except the cleaning of goods comprised in Items 1 and 2.

5. The supply of goods in connection with a supply of services within Item 4.

6. The storage of goods comprised in Items 1 to 3.

Notes :

(1) "Fur skin" means any skin with fur, hair or wool attached except—

- (a) rabbit skin ;
- (b) woolled sheep or lamb skin ; and
- (c) the skin, if neither tanned nor dressed, of bovine cattle (including buffalo), equine animals, goats or kids (other than Yemen, Mongolian and Tibetan goats or kids), swine (including peccary), chamois, gazelles, deer or dogs.

(2) Item 3 does not include goods comprised in Items 1 and 2 or excepted from Item 1 but does include other goods made of fur skin and capable of being made into or incorporated in such goods.

(3) Item 4 includes the repair or alteration of goods comprised in Items 1 to 3.

GROUP 7—JEWELLERY, GOLDSMITHS' AND SILVERSMITHS'
WARES, ETC.

SCH. 7

Item No.

1. Jewellery, goldsmiths' and silversmiths' wares and similar goods made (in each case) wholly or partly from—
 - (a) precious metal ;
 - (b) precious stones ;
 - (c) semi-precious stones mounted, set or strung ;
 - (d) real or cultured pearls.
2. Precious stones, except—
 - (a) uncut diamonds ;
 - (b) diamond powder or dust.
3. Semi-precious stones in the form of gems, jewels or beads.
4. Real or cultured pearls.
5. Jade and articles of jade.
6. The design or valuation of, the application of any process or treatment to, or the provision of similar services in respect of, goods comprised in Items 1 to 5.
7. The supply of goods in connection with a supply of services within Item 6.

Notes :

(1) "Precious metal" means gold, silver, platinum and any alloy containing any of those metals.

(2) "Platinum" includes iridium, osmium, palladium, rhodium and ruthenium.

(3) "Precious stones" means diamonds, rubies, sapphires and emeralds ; and "precious stones" and "semi-precious stones" include synthetic stones which are similar to natural stones in respect of their physical properties and chemical composition.

(4) In Item 1 "similar goods" includes—

- (a) articles of personal use of a kind normally carried in the pocket or handbag ;
- (b) trophy cups, shields and similar articles of a kind awarded as prizes ;
- (c) medals, medallions and the insignia of orders and decorations, and miniatures or reproductions of medals, medallions or such insignia.

(5) Goods do not fall within Item 1 by reason only of one or more of the following—

- (a) that they are coated or plated with precious metal ;
- (b) in the case of clocks and watches, that they contain precious or semi-precious stones as part of the movement ;
- (c) in the case of fountain pens, that the nib contains precious metal.

SCH. 7 (6) Item 1 does not include goods of a kind suitable only for use—

(a) in churches, chapels or other buildings used mainly as places of meeting for religious worship ; or

(b) by ministers of religion.

(7) Item 6 does not include the cleaning, repair or maintenance of the movements of clocks or watches.

GROUP 8—PETROL, ETC.

Item No.

1. Light oil, except where it is in containers not exceeding 20 fluid ounces and is intended for sale in those containers solely as fuel for mechanical lighters.

2. Petrol substitute.

3. Power methylated spirits.

Notes :

1971 c. 12. (1) "Light oil", "petrol substitute" and "power methylated spirits" have the same meanings as in the Hydrocarbon Oil (Customs & Excise) Act 1971.

1952 c. 44. (2) "Mechanical lighters" has the meaning assigned to it by section 221(4) of the Customs and Excise Act 1952.

Section 34.

SCHEDULE 8

STOCK DIVIDENDS: SUPPLEMENTARY PROVISIONS

Meaning of "the appropriate amount in cash"

1.—(1) Where a company issues any share capital to which the principal section applies (in this paragraph called "the share capital in question"), any reference in the principal section or this Schedule to "the appropriate amount in cash" shall, in relation to that share capital, have the meaning given by sub-paragraph (2) or (3) below, as the case may be.

(2) Subject to sub-paragraph (3) below, where the company issues the share capital in question—

(a) in consequence of the exercise of an option such as is mentioned in subsection (1)(a) of the principal section ; or

(b) in a quantity which is determined by or determines the amount of a dividend in cash payable in respect of share capital in the company of a different class,

"the appropriate amount in cash" means the amount of the relevant cash dividend or, in a case in which subsection (3) of the principal section applies, a due proportion of that amount.

(3) In any case not falling within sub-paragraph (2)(a) or (b) above, and in any case so falling in which the amount of the relevant cash dividend is substantially greater or substantially less than the market value of the share capital in question on the relevant date, "the appropriate amount in cash" means the market value of the share capital in question on that date or, in a case in which

subsection (3) of the principal section applies, a due proportion of that market value.

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(4) In this paragraph—

“the relevant cash dividend”, in a case falling within sub-paragraph (2)(a) above, means the cash dividend mentioned in subsection (1)(a) of the principal section or, in a case falling within sub-paragraph (2)(b) above, means, subject to sub-paragraph (5) below, the cash dividend there mentioned;

“the relevant date”, in the case of share capital listed in The Stock Exchange Daily Official List, means the date of first dealing and, in the case of share capital not so listed, means the due date of issue.

(5) Where, in a case falling within sub-paragraph (2)(b) above, the company on the occasion on which it issues the share capital in question also issues a dividend in cash (“the accompanying cash dividend”) in respect of the shares in the company in respect of which that share capital is issued, “the relevant cash dividend” shall in this paragraph mean the cash dividend mentioned in sub-paragraph (2)(b) above reduced by the amount of the accompanying cash dividend.

2.—(1) Subject to the provisions applied by sub-paragraphs (2) and (3) below, in the preceding paragraph “market value”, in relation to any share capital in a company, means the price which that share capital might reasonably be expected to fetch on a sale in the open market.

(2) Section 44(3) of the Finance Act 1965 (market value of shares or securities listed in The Stock Exchange Daily Official List) shall, with the omission of the reference to paragraph 22(3) of Schedule 6 to that Act, apply for the purposes of this paragraph as it applies for the purposes of Part III of that Act. 1965 c. 25.

(3) In the case of shares or securities which are not quoted on a recognised stock exchange (within the meaning of the Corporation Tax Acts) at the time when their market value for the purposes of the preceding paragraph falls to be determined, subsection (3) of section 51 of the Finance Act 1973 shall apply with respect to the determination of their market value for those purposes as it applies with respect to a determination falling within subsection (1) of that section. 1973 c. 51.

Close companies

3.—(1) Where a company issues to a close company any share capital to which the principal section applies, the following provisions of this paragraph shall apply as regards that share capital; and in those provisions “the relevant accounting period” means the accounting period of the close company in which the due date of issue falls.

(2) The relevant income of the close company for the relevant accounting period, as determined under paragraph 8 of Schedule 16 to the Finance Act 1972, and the amount which, under paragraph 9 of that Schedule (read, where appropriate, with paragraph 13 of 1972 c. 41.

Sch. 8

that Schedule), the relevant income of the close company for that period cannot exceed, shall each be increased by an amount equal to the appropriate amount in cash (or, if it would otherwise be nil, be treated as equal to the appropriate amount in cash).

(3) The amount, if any, which would otherwise be disregarded under paragraph 14(1) of the said Schedule 16 (legal restrictions on distributions) shall be reduced by an amount equal to the appropriate amount in cash.

(4) For the purposes of the definition of "apportioned amount" in paragraph 7(1) of the said Schedule 16 (consequences of apportionment: advance corporation tax), the amount of the company's income apportioned under paragraph 1 of that Schedule shall be treated as reduced by an amount equal to the appropriate amount in cash.

1972 c. 41.

4. Where a close company issues any share capital to which the principal section applies as mentioned in subsection (4), (5) or (6) of the principal section or paragraph 3(1) above (read in each case with subsection (3) of that section), the company shall be treated for the purposes of paragraph 10(1) of Schedule 16 to the Finance Act 1972 (definition of "distributions" of a close company)—

- (a) as if a dividend of an amount equal to the appropriate amount in cash had been paid on the due date of issue; and
- (b) where, in relation to that share capital, "the appropriate amount in cash" has the meaning given by paragraph 1(2) above, as if that dividend had been declared in respect of the accounting period (if any) in respect of which the relevant cash dividend (as defined in paragraph 1(4) above) was declared.

Capital gains tax

1965 c. 25.

5. In applying paragraph 4(3) of Schedule 7 to the Finance Act 1965 (chargeable gains: reorganisation of share capital) in relation to the issue of any share capital to which the principal section applies, as involving a re-organisation of the company's share capital, there shall be allowed, as consideration given for so much of the new holding as was issued as mentioned in subsection (4), (5) or (6) of the principal section, or paragraph 3(1) above (read in each case with subsection (3) of that section), an amount equal to what is, for that much of the new holding, the appropriate amount in cash; and this paragraph shall have effect notwithstanding the proviso to the said paragraph 4(3).

Company distributions

6. Any share capital to which the principal section applies which is issued by a company as mentioned in subsection (4), (5) or (6) of that section or paragraph 3(1) above (read in each case with subsection (3) of that section)—

- (a) shall, notwithstanding paragraph (c) of subsection (2) of section 233 of the Taxes Act (definition of "distribution"), not constitute a distribution within the meaning of that subsection; and

- (b) for the purposes of section 234(1) and 235(1) of that Act (bonus issues following repayment of share capital, and matters to be treated or not treated as repayments of share capital) shall not be treated as issued "as paid up otherwise than by the receipt of new consideration".

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Returns of issues of share capital to which the principal section applies

7.—(1) A company shall for each of its accounting periods make, in accordance with this paragraph, returns to the inspector of all share capital to which the principal section applies which was issued by it in that period.

(2) The provisions of paragraph 1(2) and (3) of Schedule 14 to the Finance Act 1972 (periods for which returns are to be made, and meaning of "a return period") shall apply for the purposes of this paragraph as they apply for the purposes of that Schedule, but with the substitution of "thirty days" for "fourteen days" in paragraph 1(3):

Provided that, in the case of a return period ending before the date of the passing of this Act, the said paragraph 1(3) as applied by this sub-paragraph shall be read as requiring a company to deliver a return for that period not later than the end of the period of thirty days beginning with that date.

(3) No return need be made under this paragraph by a company for any period in which it has issued no share capital to which the principal section applies.

(4) The return made by a company for any return period shall state—

- (a) the date on which any share capital to which the principal section applies issued by it in the period was issued and, if different, the date on which the company was first required to issue it ;
- (b) particulars of the terms on which any such share capital so issued by it was issued ; and
- (c) what is, in relation to any such share capital so issued, the appropriate amount in cash.

(5) If it appears to the inspector that a company ought to have, but has not, made a return for any return period, he may (notwithstanding sub-paragraph (3) above) by notice in writing require the company to make a return for that period within such time (not being less than thirty days) as may be specified in the notice ; and a return required to be made under this sub-paragraph shall, if such be the case, state that no share capital to which the principal section applies was issued in the period in question.

(6) As regards any share capital included in a return made under this paragraph by a company, the inspector may, by notice in writing, require the company to furnish him within such time (not being less than thirty days) as may be specified in the notice with such further information relating thereto as he may reasonably require for the purposes of the principal section and this Schedule.

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(7) For the purposes of this paragraph (including the provisions applied by sub-paragraph (2) above) an accounting period of a company beginning before 6th April 1975 and ending on or after that date shall be deemed to have begun on that date.

1970 c. 9.

8. In the Table in section 98 of the Taxes Management Act 1970 (penalty for failure to make returns etc.) the following shall be added in the first column—

“Paragraph 7(5) and (6) of Schedule 8 to the Finance (No. 2) Act 1975”

and the following shall be added in the second column—

“Paragraph 7(1) to (4) of Schedule 8 to the Finance (No. 2) Act 1975”.

Section 52.

SCHEDULE 9

AMENDMENTS OF ENACTMENTS RELATING TO FRIENDLY SOCIETIES

PART I

AMENDMENTS OF FRIENDLY SOCIETIES ACT 1974

1974 c. 46.

1. The Friendly Societies Act 1974 shall be amended in accordance with the following provisions of this Part of this Schedule.

2. For subsection (3) of section 7 (societies which may be registered) substitute—

“(3) A friendly society or branch thereof may not be registered under this Act—

(a) if it contracts with any person for the assurance under tax exempt life or endowment business of more than £104 a year by way of annuity or more than £500 by way of gross sum ; or

(b) if it contracts with any person for the assurance of an annuity or of a gross sum in excess of the limits in section 64 below.

(3A) In the case of a registered friendly society or branch whose rules make no provision for it to carry on life or endowment business consisting of the assurance of gross sums exceeding £1,000 or of the granting of annuities of annual amounts exceeding £208, subsection (3)(a) above shall have effect with the substitution of references to £208 and £1,000 respectively for the references to £104 and £500.”

3. In section 7, at the end add—

“(5) In this section ‘life or endowment business’ and ‘tax exempt life or endowment business’ have the meanings assigned to them by subsections (2) and (3) respectively of section 337 of the Income and Corporation Taxes Act 1970 ; and subsection (2) of section 64 below shall apply in relation to the limits in subsection (3) above (including, where applicable, those limits as modified by subsection (3A) above) as it applies in relation to the limits in section 64 below.”

1970 c. 10.

4. In section 64(1) (maximum benefits), for the references to £500 and £104 in paragraphs (a) and (b) substitute references to £1,000 and £208 respectively.

PART II

SCH. 9

AMENDMENTS OF FRIENDLY SOCIETIES ACT (NORTHERN IRELAND) 1970

5. The Friendly Societies Act (Northern Ireland) 1970 shall be amended in accordance with the following provisions of this Part of this Schedule. ^{1970 c. 31 (N.I.)}

6. For subsection (3) of section 1 (societies which may be registered), make the same substitution as is provided for in paragraph 2 above, but with the omission of the words "below" and "above".

7. In section 1, at the end make the same addition as is provided for in paragraph 3 above, but with the substitution of the words "section 55" for the words "section 64 below" in both places where they occur, and the omission of the word "above" in both places where it occurs.

8. In section 55(1) (maximum benefits), for the references to £500 and £104 in paragraphs (a) and (b) substitute references to £1,000 and £208 respectively.

9. In section 55(2), after "gross sum or annuity" insert ", any approved annuities as defined in section 226(13) of the Income and Corporation Taxes Act 1970". ^{1970 c. 10.}

10. For section 55(9)(a) substitute—

"(a) 'life or endowment business' has the meaning assigned to it by subsection (2) of section 337 of the Income and Corporation Taxes Act 1970."

SCHEDULE 10

Section 54.

RELIEF FOR INCREASE IN VALUE OF TRADING STOCK AND WORK IN PROGRESS

PART I

INCOME TAX

Entitlement to relief

1.—(1) Where a person carries on a trade in respect of which he is chargeable to income tax under Case I of Schedule D and—

(a) the value of his trading stock at the end of his base period (in this Schedule referred to as his "closing stock value") exceeds

(b) the value of his trading stock at the beginning of that period (in this Schedule referred to as his "opening stock value"),

he shall, subject to the provisions of this Schedule, be entitled to relief under this paragraph by reference to the amount of that excess; and in the following provisions of this Schedule the amount of that excess is referred to as his "base period increase".

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(2) For the purposes of the Income Tax Acts other than this Schedule, in any case in which a person is entitled to relief under this paragraph—

(a) that person's closing stock value shall be treated as reduced by—

(i) an amount equal to his base period increase less 10 per cent. of his relevant income for his base period ; and

(ii) if he began to carry on the trade before the year 1973-74 or has a period of account ending in that year, an amount equal to 5 per cent. of the amount referred to in sub-paragraph (i) above ; and

(b) the value of his trading stock at the beginning of the period of account which begins on the day following that as at which the closing stock value is determined shall be treated as reduced by the amount referred to in paragraph (a)(i) above ;

and all such adjustments shall be made in any assessment to income tax for any relevant year of assessment as are necessary to give effect to any relief under this paragraph.

(3) A person shall not be entitled to relief under this paragraph unless a claim for the relief is made within two years after the end of the year 1974-75.

(4) In this Part of this Schedule "period of account" means a period for which an account is made up in relation to the trade in question.

Base period

2.—(1) A person has a base period for the purposes of relief under paragraph 1 above if—

(a) he began to carry on the trade before the beginning of the year 1974-75 and has one or more periods of account ending in that year or in the year 1975-76 ; or

(b) he began to carry on the trade in the year 1974-75 and has one or more periods of account ending in that year.

(2) A person's base period ends with the last day of—

(a) the period or the last of the periods of account ending in the year 1974-75 ; or

(b) if there is no period within paragraph (a) above, the period or the first of the periods of account ending in the year 1975-76.

(3) A person's base period begins 24 months before the day on which it ends except that—

(a) if the base period ends after the year 1974-75, the base period begins 24 months before the end of that year ;

(b) if the date which would be the beginning of the base period under the foregoing provisions is not the first day of a period of account, the base period begins with the first day of the period of account which is current on that date ; and

- (c) if the person began to carry on the trade after the date on which the base period would begin under the foregoing provisions, that period begins on the day on which he began to carry on the trade.

3.—(1) If a person began to carry on the trade before 6th April 1973 and his base period is longer than 24 months, then, for the purposes of paragraph 1 above—

- (a) his base period increase ; and
(b) his relevant income for that period,

shall each be reduced by multiplying them by the fraction of which the numerator is 24 and the denominator is the number of months in the base period.

(2) If a person began to carry on the trade after 5th April 1973 and his base period ends after 5th April 1975, then, for the purposes of paragraph 1 above—

- (a) his base period increase ; and
(b) his relevant income for that period,

shall each be reduced by multiplying them by the fraction of which the numerator is the number of months in the period beginning with the day on which he began to carry on the trade and ending with 5th April 1975 and the denominator is the number of months in the base period.

Commencement of trade

4.—(1) Subject to the provisions of this paragraph, where a person claims relief under paragraph 1 above and, immediately before the beginning of his base period, he was not carrying on the trade to which the relief relates, he shall be treated for the purposes of that paragraph as having at the beginning of that period trading stock of such value as appears to the inspector to be reasonable and just.

(2) In determining, for the purposes specified in sub-paragraph (1) above, the value of trading stock to be attributed to a person at the beginning of his base period the inspector shall have regard to all the relevant circumstances of the case and, in particular—

- (a) to movements during the person's base period in the costs of items of a kind comprised in his trading stock during that period ; and
(b) to changes during that period in the volume of the trade in question carried on by that person.

(3) Any Commissioners dealing with an appeal from the decision of an inspector on a claim in a case where, in accordance with sub-paragraph (1) above, the inspector has attributed to a person at the beginning of his base period trading stock of a particular value shall, in hearing and determining the appeal, in so far as it relates to the value of the trading stock to be so attributed, determine such value as appears to them to be reasonable and just, having regard to those factors to which the inspector is required to have regard by virtue of sub-paragraph (2) above.

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(4) This paragraph does not apply where the claimant acquired the initial trading stock of the trade in question on a sale or transfer from another person on that person's ceasing to carry on that trade and the stock so acquired is brought in at not less than market value at the beginning of the claimant's base period.

Cessation of trade

5. A person shall not be entitled to relief under paragraph 1 above in respect of any trade if he ceases to carry it on at or before the end of his base period.

PART II

CORPORATION TAX

Entitlement to relief

6.—(1) Where a company carries on a trade in respect of which it is within the charge to corporation tax under Case I of Schedule D and—

(a) the value of its trading stock at the end of its base period (in this Schedule referred to as its "closing stock value") exceeds

(b) the value of its trading stock at the beginning of that period (in this Schedule referred to as its "opening stock value"),

the company shall, subject to the provisions of this Schedule, be entitled to relief under this paragraph by reference to the amount of that excess; and in the following provisions of this Schedule the amount of that excess is referred to as the company's "base period increase".

(2) For the purposes of the Corporation Tax Acts other than this Schedule, in any case in which a company is entitled to relief under this paragraph—

(a) the company's closing stock value shall be treated as reduced by—

(i) an amount equal to its base period increase less 10 per cent. of its relevant income for its base period; and

(ii) if it was excluded from section 18 of the Finance Act 1975 by virtue of subsection (5)(a) of that section (companies with closing stock value under £25,000), an amount equal to 5 per cent. of the amount mentioned in sub-paragraph (i) above; or

(iii) if relief under that section was excluded wholly or in part by virtue of subsection (9)(b) of that section ("trading stock" not to include work in progress), an amount equal to 5 per cent. or, as the case may be, a corresponding part of 5 per cent. of the amount mentioned in sub-paragraph (i) above; and

(b) the value of its trading stock at the beginning of the period of account which begins on the day following that as at which the closing stock value is determined shall be treated as reduced by the amount referred to in paragraph (a)(i) above;

and all such adjustments shall be made in any assessment to corporation tax for any relevant accounting period as are necessary to give effect to any relief under this paragraph.

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(3) A company shall not be entitled to relief under this paragraph unless a claim for the relief is made within two years after the end of the accounting period, or the last of the accounting periods, ending in the financial year 1974.

Base period

7.—(1) A company has a base period for the purposes of relief under paragraph 6 above if it has one or more accounting periods ending in the financial year 1974.

(2) A company's base period ends—

(a) if the accounting period, or the first of the accounting periods, ending in the financial year 1974 ends on the same day as a period of account, with that day ;

(b) in any other case, with the last day of the period of account which is current at the end of that accounting period.

(3) A company's base period begins 24 months before the day on which it ends except that—

(a) if the base period ends after the financial year 1974, the base period begins 24 months before the end of the accounting period ending in that year ;

(b) if the date which would be the beginning of the base period under the foregoing provisions is not the first day of a period of account, the base period begins with the first day of the period of account which is current on that date ; and

(c) if the company began to carry on the trade after the date on which the base period would begin under the foregoing provisions, that period begins on the day on which it began to carry on the trade.

8.—(1) If a company began to carry on the trade before 1st April 1973 and its base period is longer than 24 months, then, for the purposes of paragraph 6 above—

(a) its base period increase ; and

(b) its relevant income for that period,

shall each be reduced by multiplying them by the fraction of which the numerator is 24 and the denominator is the number of months in the base period.

(2) If a company began to carry on the trade after 31st March 1973, then, for the purposes of paragraph 6 above—

(a) its base period increase ; and

(b) its relevant income for that period,

shall each be reduced by multiplying them by the fraction of which the numerator is the number of months in the period beginning with the day on which it began to carry on the trade and ending with the last day of the accounting period, or the first of the accounting periods, ending in the financial year 1974 and the denominator is the number of months in the base period.

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1975 c. 7.

(3) Where a company's 1973 increase in stock value fell to be determined under Schedule 3 to the Finance Act 1975 by reference to the 1973 reference period as defined in that Schedule, and its base period ends on the same day as that reference period, the amount of the reduction under paragraph 6(2)(a)(i) above shall be diminished by the amount of the reduction under section 18(4)(a) of that Act.

Extra period of account following base period

9.—(1) This paragraph has effect where a company has two or more periods of account ending in the financial year 1974.

(2) Without prejudice to the application of the foregoing provisions in relation to the company's base period as determined in accordance with paragraph 7(2) and (3) above, those provisions shall also apply as if the company had a further base period, or further base periods, ending with the last day of each of those periods of account other than the first and beginning at the same time as its base period as determined under paragraph 7(2) and (3).

(3) In the case of any such further base period the reduction to be made in the company's closing stock value shall be only such as is provided for by sub-paragraph (a)(i) of paragraph 6(2) above and its relevant income shall be computed without regard to any reduction under that paragraph.

Commencement of trade

10. Paragraph 4 above shall, with the necessary modifications, have effect in relation to companies claiming relief under paragraph 6 above as it has effect in respect of persons claiming relief under paragraph 1 above.

Cessation of trade

11. A company shall not be entitled to relief under paragraph 6 above if any accounting period ending in or at the same time as its base period ends by virtue of the company—

- (a) ceasing to trade or to be, in respect of the trade concerned or of all the trades carried on by the company, within the charge to corporation tax ; or
- (b) ceasing to be resident in the United Kingdom ; or
- (c) ceasing to be within the charge to corporation tax.

PART III

GENERAL

Partnerships

12.—(1) For the purposes of this Schedule a person shall be treated as ceasing to carry on a trade if there is a change in the persons engaged in carrying it on notwithstanding that he continues to be so engaged immediately after the change.

(2) Where a trade is carried on by persons in partnership and one or more but not all of them are companies, the base period shall be determined in accordance with paragraph 2 above.

(3) Any claim for relief under this Schedule in relation to a trade carried on by persons in partnership shall be a single claim made in the partnership name.

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(4) Subsection (7) of section 154 of the Taxes Act (meaning of change in persons carrying on trade) shall apply for the purposes of this paragraph as it applies for the purpose of that section.

Successions

13.—(1) Where a company ("the predecessor") ceases to carry on a trade during the financial year 1973 or 1974 and, on that company so ceasing, another company ("the successor") begins to carry on that trade, then, if section 252 of the Taxes Act (company reconstructions) has effect in relation to that event, the successor shall be treated for the purposes of this Schedule as having carried on the trade since the predecessor began (or would be treated by virtue of this paragraph as having begun) to do so.

(2) Where there is a change in the persons engaged in carrying on a trade and—

(a) a person engaged in carrying it on immediately before the change continues to be so engaged immediately after the change; and

(b) the trading stock of the trade immediately before the change is the trading stock immediately after the change,

the person or persons engaged in carrying it on immediately after the change shall be treated for the purposes of this Schedule as having carried on the trade since the person or persons so engaged immediately before the change began (or would themselves be treated by virtue of this paragraph as having begun) to do so.

(3) Where at any time an individual ceases, or persons in partnership cease, to carry on a trade and a company begins to carry it on, then, if at that time not less than three-quarters of the ordinary share capital of the company is held by that individual or those persons, the company shall be treated for the purposes of this Schedule as having carried on the trade since that individual or those persons began (or would be treated by virtue of this paragraph as having begun) to do so.

(4) Subsection (7) of section 154 of the Taxes Act (meaning of change in persons carrying on trade) shall apply for the purposes of this paragraph as it applies for the purposes of that section.

Adjustments for special circumstances

14. Where a person has acquired or disposed of trading stock otherwise than in the normal conduct of the trade in question he shall be treated for the purposes of this Schedule as having, at the beginning or end of his base period, trading stock of such value as appears to the inspector (or, on appeal, to the Commissioners) to be reasonable and just having regard to all the relevant circumstances of the case.

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Application to professions

15. The foregoing provisions of this Schedule shall, with the necessary modifications, have effect in relation to professions and vocations chargeable under Case II of Schedule D as they have effect in relation to trades chargeable under Case I of that Schedule.

Interpretation

16.—(1) Subject to the provisions of this paragraph, “trading stock” means property of any description, whether real or personal, being either—

- (a) property such as is sold in the ordinary course of the trade, profession or vocation in question, or would be so sold if it were mature or if its manufacture, preparation or construction were complete ; or
- (b) materials such as are used in the manufacture, preparation or construction of any such property as is referred to in paragraph (a) above,

and includes work in progress.

(2) Sub-paragraph (1) above does not apply to—

- (a) securities, which for this purpose includes shares and stock ; or
- (b) land other than such as is ordinarily sold in the course of the trade, profession or vocation only—
 - (i) after being developed by the person carrying on the trade, profession or vocation, or
 - (ii) in the case of a company which is a member of a group, for the purpose of being developed by another company in that group ; or
- (c) goods which the person carrying on the trade, profession or vocation has let on hire or hire-purchase.

(3) In sub-paragraph (2) above, references to development are references to the construction or substantial reconstruction of buildings on the land in question and “group” shall be construed in accordance with section 272 of the Taxes Act.

(4) For the purposes of this Schedule the value of a person's trading stock at any time shall be reduced to the extent to which payments on account have been received by that person at or before that time in respect of that stock.

(5) Where the value of a person's trading stock at the beginning of his base period is not calculated on the basis used for the calculation of the value of his trading stock at the end of that period, the value of his trading stock at the beginning of that period shall, for the purposes of this Schedule, be treated as what it would have been if it had been calculated on that basis.

(6) Animals treated as trading stock under Schedule 6 to the Taxes Act (farm animals) shall be so treated for the purposes of this Schedule except that, where a person makes an election for the herd basis under that Schedule which takes effect during the base period or immediately after it, animals forming part of any

herd or herds with respect to which the election has effect shall be treated as not having been trading stock of that person at any time during that period.

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17. In this Schedule "work in progress" means—

- (a) any services performed in the ordinary course of the trade, profession or vocation, the performance of which was wholly or partly completed at the material time and for which it would be reasonable to expect that a charge will subsequently be made; and
- (b) any article produced, and any such material as is used, in the performance of any such services.

18.—(1) Subject to sub-paragraph (2) below, in this Schedule "relevant income" means, in relation to a person carrying on a trade, profession or vocation, the income from that trade, profession or vocation computed in accordance with the rules applicable to Case I or, as the case may be, Case II of Schedule D.

(2) In computing relevant income for the purposes of this Schedule—

- (a) no account shall be taken of any set-off or reduction of income by virtue of section 168, 171, 174, 177 or 178 of the Taxes Act (losses);
- (b) no deduction or addition shall be made by virtue of section 73, 74 or 91 of the Capital Allowances Act 1968 (corporation tax allowances and charges and allowances for capital expenditure on scientific research); and
- (c) no account shall be taken of any reduction in the value of trading stock under section 18(4) of the Finance Act 1975.

19. In any case where a base period consists of a number of complete months and a fraction of a month, or consist only of a fraction of a month, any reference in this Schedule to the number of months in that period shall be construed as including that fraction or as a reference to that fraction, as the case may be.

20. Any reference in this Schedule to a period of account or accounting period ending in any year includes a reference to a period of account or accounting period ending on the same day as that year.

SCHEDULE 11

Section 65.

DOUBLE TAXATION AGREEMENT WITH REPUBLIC OF IRELAND AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF IRELAND WITH RESPECT TO CERTAIN EXEMPTIONS FROM TAX

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Ireland;

With a view to extending for a further year the arrangements concerning dividends provided by the Agreement made between them on 2nd May 1973 which amended certain provisions of the Agreement made on 14th April 1926 between the British Government and the

SCH. 11 Government of the Irish Free State in respect of Double Income Tax ;
Have agreed as follows:

ARTICLE 1

Notwithstanding the provisions of Article 4 of the Agreement made on 2nd May 1973 the amendments made by paragraph (2) of Article 1 and Article 2 of that Agreement to paragraphs (a) and (b) of Article 1 of the Agreement made on 14th April 1926 shall have effect as respects dividends paid on or after 6th April 1975 and not later than 5th April 1976.

ARTICLE 2

This Agreement shall enter into force on the exchange of Notes confirming that the necessary steps have been taken to give it the force of law in the United Kingdom and the Republic of Ireland.

In witness whereof the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

Done in two originals at London this 3rd day of June 1975.

For the Government of the United Kingdom of Great Britain and Northern Ireland: For the Government of the Republic of Ireland:

Roy Hattersley

Donal O'Sullivan.

Section 70.

SCHEDULE 12

SUB-CONTRACTORS IN THE CONSTRUCTION INDUSTRY: CONDITIONS OF ISSUE OF CERTIFICATES

PART I

CONDITIONS TO BE SATISFIED BY INDIVIDUALS

1. The applicant must be carrying on a business in the United Kingdom which satisfies the following conditions, that is to say—

- (a) the business consists of or includes the carrying out of construction operations or the furnishing or arranging for the furnishing of labour in carrying out construction operations ;
- (b) the business is, to a substantial extent, carried on by means of an account with a bank ;
- (c) the business is carried on with proper records and in particular with records which are proper having regard to the obligations referred to in paragraphs 3 and 4 below ; and
- (d) the business is carried on from proper premises and with proper equipment, stock and other facilities.

1971 c. 68.

2. The applicant, unless he is the holder of a certificate which is in force under section 30 of the Finance Act 1971 or under section 70 of this Act, must throughout the period of three years ending with the date of his application for a certificate under section 70 of this Act (in this Part of this Schedule referred to as "the qualifying period"), have been employed in the United Kingdom as the holder of an office or employment or as a person carrying on a trade, profession or vocation.

3.—(1) The applicant must, subject to sub-paragraph (2) below, have complied with all obligations imposed on him by or under the Income Tax Acts or the Taxes Management Act 1970 in respect of periods ending within the qualifying period and with all requests to supply to an inspector accounts of, or other information about, any business of his in respect of periods so ending. SCH.12
1970 c. 9.

(2) An applicant who has failed to comply with such an obligation or request as is referred to in sub-paragraph (1) above shall nevertheless be treated as satisfying this condition as regards that obligation or request if the Board are of the opinion that in all the circumstances the failure ought to be disregarded for the purposes of his application for a certificate under section 70 of this Act.

4. The applicant must, if any contribution has at any time during the qualifying period become due from him under Part I of the National Insurance Act 1965 or Part I of the National Insurance Act (Northern Ireland) 1966, as the case may be, or under Part I of the Social Security Act 1975 or Part I of the Social Security Act (Northern Ireland) 1975, as the case may be, have paid the contribution when the contribution became due. 1965 c. 96.
1966 c. 6 (N.I.).
1975 c. 14.
1975 c. 15.

5. The applicant must, if he is required to be registered under the Registration of Business Names Act 1916 in respect of the business referred to in paragraph 1 above, have been duly registered under that Act in respect of that business. 1916 c. 58.

6.—(1) Subject to sub-paragraph (2) below, there must be in force a policy or policies of insurance covering the applicant's relevant public liability in respect of the business referred to in paragraph 1 above and effected by him with an authorised insurer or insurers in a sum not less or not less in the aggregate than £250,000.

(2) Sub-paragraph (1) above does not apply to an applicant whose business consists of the furnishing or arranging for the furnishing of labour in carrying out construction operations or whose business includes any of those activities but does not also include the carrying out of construction operations.

7. There must be reason to expect that the applicant will, in respect of periods ending after the end of the qualifying period, comply with such obligations as are referred to in paragraphs 3 and 4 above and with such requests as are referred to in paragraph 3 above.

PART II

CONDITIONS TO BE SATISFIED BY PARTNERS WHO ARE INDIVIDUALS

1. The partner, unless he is the holder of a certificate in force under section 30 of the Finance Act 1971 or under section 70 of this Act, must throughout the period of three years ending with the date of his application for a certificate under section 70 of this Act (in this Part of this Schedule referred to as "the qualifying period") have been employed in the United Kingdom as the holder of an office or employment or as a person carrying on a trade, profession or vocation. 1971 c. 68.

SCH. 12

1970 c. 9.

2.—(1) The partner must, subject to sub-paragraph (2) below, have complied with all obligations imposed on him by or under the Income Tax Acts or the Taxes Management Act 1970 in respect of periods ending within the qualifying period and with all requests to supply to an inspector accounts of, or other information about, any business of his in respect of periods so ending.

(2) A partner who has failed to comply with such an obligation or request as is referred to in sub-paragraph (1) above shall nevertheless be treated as satisfying this condition as regards that obligation or request if the Board are of the opinion that in all the circumstances the failure ought to be disregarded for the purposes of his application for a certificate under section 70 of this Act.

1965 c. 96.

1966 c. 6 (N.I.).

1975 c. 14.

1975 c. 15.

3. The partner must, if any contribution has at any time during the qualifying period become due from him under Part I of the National Insurance Act 1965 or Part I of the National Insurance Act (Northern Ireland) 1966, as the case may be, or under Part I of the Social Security Act 1975 or Part I of the Social Security (Northern Ireland) Act 1975, as the case may be, have paid the contribution when the contribution became due.

4. There must be reason to expect that the partner will, in respect of periods ending after the end of the qualifying period, comply with such obligations as are referred to in paragraphs 2 and 3 above and with such requests as are referred to in paragraph 2 above.

PART III

CONDITIONS TO BE SATISFIED BY FIRMS

1. The firm's business must be carried on in the United Kingdom and must satisfy the conditions mentioned in paragraph 1(a) to (d) of Part I of this Schedule.

2.—(1) Subject to sub-paragraph (2) below, any income tax or corporation tax which became due from any partner in the firm in respect of the firm's business at any time in the period of three years ending with the date of the application for a certificate under section 70 of this Act (in this Part of this Schedule referred to as "the qualifying period") must have been paid when the tax was demanded.

(2) Where the obligation referred to in sub-paragraph (1) above has not been complied with in the case of any firm, the firm shall nevertheless be treated as satisfying this condition as regards that tax if the Board are of the opinion that in all the circumstances the failure ought to be disregarded for the purposes of the application under section 70 of this Act.

1916 c. 58.

3. The firm must, if it is required to be registered under the Registration of Business Names Act 1916 in respect of the business referred to in paragraph 1 above, have been duly registered under that Act in respect of that business.

4.—(1) Subject to sub-paragraph (2) below, there must be in force a policy or policies of insurance covering the relevant public liability of every partner in the firm in respect of the business referred to in paragraph 1 above and effected on behalf of the firm with an authorised insurer or insurers in a sum not less or not less in the aggregate than £250,000.

(2) Sub-paragraph (1) above does not apply to a firm whose business consists of the furnishing or arranging for the furnishing of labour in carrying out construction operations or whose business includes any of those activities but does not also include the carrying out of construction operations.

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5. There must be reason to expect that income tax or corporation tax becoming due in respect of the firm's business in respect of periods ending after the end of the qualifying period will be paid when it is demanded.

PART IV

CONDITIONS TO BE SATISFIED BY COMPANIES

1. The company must be carrying on (whether or not in partnership) a business in the United Kingdom and that business must satisfy the conditions mentioned in paragraph 1(a) to (d) of Part I of this Schedule.

2.—(1) The company must, subject to sub-paragraph (2) below, have complied with all obligations imposed on it by or under the Income Tax Acts, the Corporation Tax Acts or the Taxes Management Act 1970 in respect of periods ending within the qualifying period and with all requests to supply to an inspector accounts of, or other information about, the business of the company in respect of periods so ending. 1970 c. 9.

(2) A company which has failed to comply with such an obligation or request as is referred to in sub-paragraph (1) above shall nevertheless be treated as satisfying this condition as regards that obligation or request if the Board are of the opinion that in all the circumstances the failure ought to be disregarded for the purposes of the company's application for a certificate under section 70 of this Act.

(3) "Qualifying period", in this Part of this Schedule, means the period of three years ending with the date of the company's application for a certificate under section 70 of this Act.

3. The company must, if any contribution has at any time during the qualifying period become due from the company under Part I of the National Insurance Act 1965 or Part I of the National Insurance Act (Northern Ireland) 1966, as the case may be, or under Part I of the Social Security Act 1975 or Part I of the Social Security (Northern Ireland) Act 1975, as the case may be, have paid the contribution when the contribution became due. 1965 c. 96.
1966 c. 6 (N.I.).
1975 c. 14.
1975 c. 15.

4. The company must, if it is required to be registered under the Registration of Business Names Act 1916 in respect of the business referred to in paragraph 1 above, have been duly registered under that Act in respect of that business. 1916 c. 58.

5.—(1) Subject to sub-paragraphs (2) and (3) below, there must be in force a policy or policies of insurance covering the company's relevant public liability in respect of the business referred to in

SCH. 12 paragraph 1 above and effected by the company with an authorised insurer or insurers in a sum not less or not less in the aggregate than £250,000.

(2) Sub-paragraph (1) above does not apply to a company whose business consists of the furnishing or arranging for the furnishing of labour in carrying out construction operations or whose business includes any of those activities but does not also include the carrying out of construction operations.

(3) Sub-paragraph (1) above does not apply where—

- (a) the company carries on the business referred to in paragraph 1 above in partnership with another person ;
- (b) the company's application for the issue of a certificate under section 70 of this Act is for its issue to the company as a partner in that firm ; and
- (c) there is in force a policy or policies of insurance covering the relevant public liability of every partner in that firm in respect of the firm's business in so far as it is required by paragraph 4 of Part III of this Schedule.

1948 c. 38.
1960 c. 22 (N.I.). 6.—(1) The company must have complied with any obligations imposed on the company by the following provisions of the Companies Act (Northern Ireland) 1960, as the case may be, in so far as those obligations fell to be complied with within the qualifying period, that is to say—

- (a) section 107 (registered office and notification of changes therein) ;
- (b) section 124 (annual return of company having a share capital) ;
- (c) section 125 (annual return of company not having a share capital) ;
- (d) section 126 (time for completion of annual return) ;
- (e) section 127 (documents to be annexed to annual return) ;
- (f) section 200(4) (return of directors and secretary and notification of changes therein) ;
- (g) section 407 (registration of constitutional documents and list of directors and secretary of overseas company) ;
- (h) section 409 (notification of changes in constitution or directors or secretary of overseas company) ;
- (i) section 410 (accounts of overseas company) ;
- (j) section 411 (overseas company to state its name and country of incorporation) ;
- (k) section 416 (obligations of companies incorporated in Channel Islands or Isle of Man).

(2) In this paragraph "the corresponding provisions of the Companies Act (Northern Ireland) 1960" means the following provisions of that Act, that is to say, sections 104, 119, 120, 121, 122, 191(6), 356, 358, 359 and 360.

7. There must be reason to expect that the company will, in respect of periods ending after the end of the qualifying period, comply with such obligations as are referred to in paragraphs 2, 3 and 6 above and with such requests as are referred to in paragraph 2 above.

SCHEDULE 13

Section 71.

CONSTRUCTION OPERATIONS

PART I

OPERATIONS INCLUDED

Construction, alteration, repair, extension, demolition or dismantling of buildings and structures (whether permanent or not), including offshore installations (that is to say, installations which are maintained, or are intended to be established, for underwater exploitation or exploration to which the Mineral Workings (Offshore Installations) Act 1971 applies.

Construction, alteration, repair, extension or demolition of any works forming, or to form, part of the land, including (without prejudice to the foregoing) walls, roadworks, power-lines, telegraphic lines (within the meaning of the Telegraph Act 1878) aircraft runways, docks and harbours, railways, inland waterways, pipe-lines, reservoirs, water-mains, wells, sewers, industrial plant and installations for purposes of land drainage, coast protection or defence.

Installation in any building or structure of systems of heating, lighting, air-conditioning, ventilation, power supply, drainage, sanitation, water supply or fire protection.

Internal cleaning of buildings and structures, so far as carried out in the course of their construction, alteration, extension, repair or restoration.

Operations which form an integral part of, or are preparatory to, or are for rendering complete, such operations as are previously described in this Schedule, including site clearance, earth-moving, excavation, tunnelling and boring, laying of foundations, erection of scaffolding, site restoration, landscaping and the provision of roadways and other access works.

Painting or decorating the internal or external surfaces of any building or structure.

PART II

OPERATIONS EXCLUDED

Drilling for, or extraction of, oil or natural gas.

Extraction (whether by underground or surface working) of minerals ; tunnelling or boring, or construction of underground works, for this purpose.

Manufacture of building or engineering components or equipment, materials, plant or machinery ; delivery of any of these things to site.

Manufacture of components for systems of heating, lighting, air-conditioning, ventilation, power supply, drainage, sanitation, water supply or fire protection ; delivery of any of these things to site.

The professional work of architects or surveyors, or of consultants in building, engineering, interior or exterior decoration or in the laying-out of landscape.

Section 75.

SCHEDULE 14

ENACTMENTS REPEALED

PART I

CONVERSION OF REVENUE DUTIES

Chapter	Short title	Extent of repeal
18 & 19 Geo. 5. c. 17.	The Finance Act 1928.	Section 6(1).
15 & 16 Geo. 6 & 1 Eliz. 2. c. 44.	The Customs and Excise Act 1952.	Sections 81 to 84 except section 82(3). Sections 86 to 89. Section 139. Section 141. In section 142, subsection (2). Section 143. In section 144, subsection (2). In section 145, subsections (1) and (2) and, in subsection (4), paragraph (a) and the words "or failure".
1 & 2 Eliz. 2. c. 34.	The Finance Act 1953.	In section 3, subsections (1), (2) and (4).
4 & 5 Eliz. 2. c. 54.	The Finance Act 1956.	Section 2.
6 & 7 Eliz. 2. c. 6.	The Import Duties Act 1958.	In section 3, subsections (1) to (3) and in subsection (5) the words from "as being" to "reason".
7 & 8 Eliz. 2. c. 51.	The Licensing (Scotland) Act 1959.	In section 199(1), the definition of "sweets".
8 & 9 Eliz. 2. c. 44.	The Finance Act 1960.	In section 7, in subsection (1) the words from "and subject" to the end and subsections (2) and (5).
1962 c. 44.	The Finance Act 1962.	In section 1, subsection (4) so far as unrepealed.
1963 c. 25.	The Finance Act 1963.	In section 4, subsections (1) and (3).
1964 c. 26.	The Licensing Act 1964.	In section 55(6), the words from "or" to the end.
1964 c. 49.	The Finance Act 1964.	In section 1, subsections (1) to (3) and (6) and (7). In section 2, subsections (1) to (4). Section 3. Schedules 1 to 4.

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Chapter	Short title	Extent of repeal
1971 c. 12.	The Hydrocarbon Oil (Customs & Excise) Act 1971.	In section 2, in subsection (2) and in subsection (4) the words "customs or". In section 4, subsection (1). In section 6, paragraph (a). In section 7, in subsection (1) and in subsection (5) the words "customs or". In section 9, the words "customs or". In section 12(1), the words "customs or". In section 13(1), the words "customs or". In section 18(1)(c), the words "customs or". In Schedule 3, the words from "In this Part" to "hydrocarbon oil".
1972 c. 41.	The Finance Act 1972.	In section 57, subsections (1) and (2).
1972 c. 68.	The European Communities Act 1972.	In section 6(5), in paragraph (a), the words "as well as section 88(4) of that Act as so amended". In Schedule 4, in paragraph 2(2) the words from "and in section 86" to the end, in paragraph 2(5) the words from "and in section 88(1)" to the end and paragraph 2(6).
1973 c. 51.	The Finance Act 1973.	In section 1, subsection (1) except so far as it relates to Schedule 5 to that Act and subsections (2), (3) and (9). Schedules 1 to 4, 6 and 7.
1974 c. 30.	The Finance Act 1974.	In section 1, subsections (1) to (5).
1975 c. 45.	The Finance (No. 2) Act 1975.	In section 1, subsections (1) to (5).

1. These repeals take effect on 1st January 1976.

2. So far as these repeals relate to any drawback or other relief from a duty replaced by sections 9 to 15 of this Act they shall not have effect in relation to any duty charged before 1st January 1976.

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PART II

OTHER CUSTOMS AND EXCISE REPEALS

Chapter	Short title	Extent of repeal
1971 c. 10.	The Vehicles (Excise) Act 1971.	In section 4(1)(e), the words "not being tramcars used for the conveyance of passengers". In paragraph 1 of Part I of Schedule 2, the words "of any description" and "in relation to carriages of that description".
1972 c. 25.	The Betting and Gaming Duties Act 1972.	In section 16(2), in the definition of "rateable value", the words from "but" to "that Schedule". In Schedule 2, paragraphs 18 and 19. In Schedule 3, paragraph 4(3).
1972 c. 41.	The Finance Act 1972.	Section 59.
1974 c. 30.	The Finance Act 1974.	Section 3.

1. The repeals in the Vehicles (Excise) Act 1971 have effect as from 16th April 1975.

2. The repeals of paragraphs 18 and 19 of Schedule 2 to the Betting and Gaming Duties Act 1972 and of section 59 of the Finance Act 1972 do not have effect in relation to gaming licences for a period ending before 1st October 1975.

PART III

PAYMENT OF TAX

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	In Schedule 4, paragraph 9(1).
1971 c. 68.	The Finance Act 1971.	In Schedule 6, paragraph 86. In Schedule 14, in Part II, the entry relating to section 55(1)(b) of the Taxes Management Act 1970.
1972 c. 41.	The Finance Act 1972.	In Schedule 24, paragraphs 8 and 9.

These repeals do not have effect in relation to tax charged by assessments notice of which was issued before the passing of this Act.

PART IV

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MISCELLANEOUS

Chapter	Short title	Extent of repeal
1965 c. 25.	The Finance Act 1965.	Section 27(3). Schedule 9 so far as unrepealed.
1966 c. 18.	The Finance Act 1966.	Section 29(4) and (9), so far as unrepealed. In Schedule 8, Part II so far as unrepealed.
1969 c. 32.	The Finance Act 1969.	Section 41(8).
1970 c. 9.	The Taxes Management Act 1970.	In section 98, in the Table, the words "Regulations under section 29 of the Finance Act 1971", "Section 30(4) of the Finance Act 1971", and "Regulations under section 30(7) of the Finance Act 1971". In Schedule 3, in rule 6, in column 2, the second paragraph.
1970 c. 10.	The Income and Corporation Taxes Act 1970.	Section 7. In section 343(3), in paragraph (ii) of the proviso, the words from "not being" to "this Act". In Schedule 15, paragraph 3(2) and (3).
1971 c. 68.	The Finance Act 1971.	Sections 29 to 31. Schedule 5. In Schedule 6, paragraph 4, paragraph 12(c) and (d) and, in paragraph 40(f), the words from "not being" to "this Act"
1972 c. 41.	The Finance Act 1972.	In section 52(4)(c), the word "caravans". In section 76(3), the words "which is not a trading company". In section 93(2)(b), the words "five-eighths or" and "other".
1973 c. 51.	The Finance Act 1973.	Section 9.
1974 c. 30.	The Finance Act 1974.	In section 14, subsections (2), (4) and (5). Section 25.
1975 c. 7.	The Finance Act 1975.	Section 2.
1975 c. 45.	The Finance (No. 2) Act 1975.	Section 39.

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1. The repeals in section 98 of the Taxes Management Act 1970 and the repeals of sections 29 to 31 of and Schedule 5 to the Finance Act 1971, of section 25 of the Finance Act 1974, and of section 39 of the Finance (No. 2) Act 1975 take effect on the day which is appointed under section 68 of this Act for the purposes of Chapter II of Part III of this Act except in relation to sums payable before that day under the said section 29.

2. The repeal in section 76(3) of the Finance Act 1972 has effect in relation to interest paid or income arising after 29th April 1975.

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